UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria

Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

20468

Distr.
LIMITED

PPD.259(SPEC.)
7 December 1993

ORIGINAL: ENGLISH

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

First Subregional Follow-up Meeting
on the Implementation of the Subregional
Programme for the Second IDDA for
Eastern and Southern Africa*

Addis Ababa, Ethiopia, 16-19 December 1993

IDDA II
1993-2002

# IMPLEMENTATION OF THE SUBREGIONAL PROGRAMME FOR THE SECOND IDDA FOR EASTERN AND SOUTHERN AFRICA**

Prepared by
the UNIDO Secretariat

* This meeting is being jointly organized by UNIDO and ECA, in cooperation with the Government of Ethiopia.

** The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. This document has not been edited.

V.93-90824

Table of Contents

## INTRODUCTION

1. The desire to foster regional and subregional economic cooperation among African countries in the interest of developing and utilizing the human and natural resources of the continent for a self-reliant and self-sustaining economic and social development has been emphasized in the various declarations and resolutions passed since the founding of the Organization of African Unity (OAU) in 1963 and, specifically, in the Lagos Plan of Action and the Final Act of Lagos (1980) which reaffirmed the commitment to establish an African Economic Community by the year 2000.

2. Concrete actions have been taken in the past to translate these declarations and resolutions into deeds. In the Eastern and Southern Africa, the object of this document, various subregional organizations have been formed to enhance the objectives of regional economic cooperation and integration. Among these subregional organizations are the Preferential Trade Area for Eastern and Southern Africa (PTA), the Southern Africa Development Coordination Conference (SADCC) and the Indian Ocean Commission (IOC)[1/]. These organizations have been able to chart out industrial development policies and strategies as well as sector priorities in keeping with resource bases and felt needs of their respective subregion.

3. The Industrial Development Decade for Africa (IDDA), which aims at promoting an integrated programme of industrialization, has as one of its main objectives the strengthening of economic cooperation and integration both at the regional and subregional levels to enhance a self-reliant and self-sustaining economic and social development. In this regard, various industrial cooperation programmes have been formulated for the Eastern and Southern African subregion within the context of IDDA.

4. IDDA II has as its legal framework Resolution 2 (IX) of the Ninth Meeting of the Conference of African Ministers of Industry (Harare, Zimbabwe, 29 - 31 May 1989), Resolution 47/117 of the United Nations General Assembly (22 December 1992) and Resolution GC.3/10 (Vienna, Austria, 20 - 24 November 1989) which proclaimed 1991 - 2000 (now revised to 1993 - 2002) as the Second Industrial Development Decade for Africa. Reaffirming the principles of IDDA I in the struggle for the achievement of a self-reliant and self-sustaining economic and social development as enshrined in the Lagos Plan of Action and the Final Act of Lagos, the principal objectives of IDDA were expanded to include the following:

---

1/ A list of the members of the various subregional organizations is attached as Annex 1.

- the promotion and the consolidation of existing investments, through the rehabilitation of ailing industries and the revitalization of public enterprises;

- the expansion of existing assets and the promotion of new investments, particularly in core/stratgic industries, keeping in mind natural endowments, markets, financial capabilities and viability based on sound commercial and socio-economic considerations;

- the creation and upgrading of all types of human skills required for integrated industrial development;

- the development of an appropriate supporting physical infrastructure;

- the improvement of the quality and range of institutional infrastructure;

- the paying of special attention to the needs of the least developed countries;

- the strengthening and expansion of programmes of regional and subregional cooperation.

5. The following basic aims of IDDA as charted initially have been taken to be valid also in the second decade:

- to use the instrument of industrialization as a means of attaining self-reliance and self-sustainment;

- to reduce the traditional dependency on forces outside the continent;

- to promote internal engines of growth;

- to stimulate and increase the use of domestic factor inputs;

- to promote the establishment in Africa of core/strategic industries;

- to develop critical national capabilities - human, institutional and infrastructural - for project design, project execution, negotiation, mobilization of financial resources, support services, entrepreneurship and business management;

- to promote regional and subregional cooperation as a practical means of enlarging markets, establishing multinational core projects and strengthening the interdependent physical and institutional infrastructure.

6. The launching of IDDA II coincided with an historical epoch of profound changes and political developments in the world at large. These changes have added a new dimension to Africa's development strategy. The challenges of the new situation have been fully appreciated by African leaders. As, indeed, they have resolved to recognize the leading role the private sector in the

structural transformation of African economies. In this regard, Article 4 (3b,e) and Article 100(J) of the Treaty Establishing the Common Market for Eastern and Southern Africa, and Resolution 2 (XI) of the Eleventh Meeting of the Conference of African Ministers of Industry, resolved as follows, hence, setting the tone for the policies and strategies to be pursued in the industrialization of the subregion.

7. Article 4, "Specific Undertakings" of the Treaty Establishing the Common Market for Eastern and Southern Africa

"3b. provide an appropriate enabling environment for the participation of the private sector in economic development and cooperation within the Common Market;

3e. provide an enabling stable and secure investment climate."

8. Resolution 2 (XI) of the Eleventh Meeting of CAMI:-

....."Cognizant of the need to ensure full participation of all agents of production, services and distribution in the decade for its successful implementation;

.....Conscious that the development of the private sector, African entrepreneurship, small-scale industry and the adoption of private sector development policies is crucial to industrialization, integration and overall economic growth of Africa;

Aware of the role of market economy in fostering the growth of African private entrepreneurship:

1. Calls upon African countries to adopt concrete measures to create and sustain an enabling environment which would foster the development of the private sector and African entrepreneurship including the promotion of the role of women in the industrial development of Africa;

2. Calls further upon African governments to provide full material, technical, financial and institutional support for the establishment of small and medium industries as a means of laying the foundation for industrialization in Africa;

3. Calls upon the African Development Bank (ADB) and other subregional/regional financial and banking institutions to provide increased financial resources to African private sector, in particular to African industrial entrepreneurs;

4. Requests the Executive Secretary of ECA and the Director-General of UNIDO to provide African countries with increased support for the development of their private sector."

9. The purpose of this document is to assist in the revision of the sub-regional programme for Eastern and Southern Africa within the framework of IDDA II. Based on the various "Integrated Industrial Promotion Programme" reports [ID/WG.477/3/Rev.1 (SPEC.) ] as well as final reports of sub-regional meetings on the promotion of intra-African industrial cooperation within the framework of IDDA, the document draws much on the various reports and resolutions of the sub-regional policy organs of PTA, SADCC and IOC putting in context the aims and objectives of each organization and giving due attention to the changing realities in the sub-region.

10. The document is divided into the following five major chapters:

(a) CHAPTER I: THE STATE OF THE MANUFACTURING SECTOR IN THE SUB-REGION

This chapter deals with the main features, principal problems and constraints and the prospects of the manufacturing sector in the Eastern and Southern Africa sub-region. The resource base, industrial collaboration arrangements and the industrial climate of the sub-region are also treated.

(b) CHAPTER II: INDUSTRIALIZATION POLICIES, STRATEGIES AND PRIORITIES OF THE SUB-REGION

The declared policies of industrialization are presented in this chapter, along with the strategies adopted and priority sectors identified.

(c) CHAPTER III: SECOND IDDA SUBREGIONAL PROGRAMME FOR EASTERN AND SOUTHERN AFRICA (SPRESA).

This chapter deals with the context of SPRESA implementation discussing specifically the sub-regional programme for IDDA II, as elaborated in the revised programmes adopted at the various meetings of the sub-regional policy organs.

(d) CHAPTER IV: RECOMMENDATIONS FOR ADAPTATION OF SRPESA

The principles and new orientations that need to be considered in the implementation of SRPESA are discussed in this chapter. Three levels of priority of activities and corresponding phases of implementation are also proposed.

(e) CHAPTER V: PROPOSED STRATEGIC IMPLEMENTATION PLAN OF SRPESA

In this chapter, the sub-division of the proposed successive implementation phases are dealt with in detail, including a discussion of the conditions for their successful implementation, the role of the State, the private sector, UNIDO and the international organizations. Modalities of project identification and formulation, funding, execution and coordination are also dealt with.

(f) CHAPTER VI: DESCRIPTION OF THE EMERGENCY PHASE

This Chapter treats the various components of the Emergency Phase (Phase 1) in greater detail.

# CHAPTER I

## THE STATE OF THE MANUFACTURING SECTOR IN THE SUBREGION

### I. MAIN FEATURES

11. The countries of the Eastern and Southern Africa subregion are classified almost entirely under the low-income category. Many of these countries are further listed among the least developed countries of the world. According to the World Bank classification, only Botswana and Mauritius fall within the category of upper-middle and lower-middle income countries, respectively.

12. The contribution of the manufacturing sector in the subregion, at an average of about 11.7 percent of GDP (1990), is modest. The share of manufacturing in GDP reaches hardly twenty percent in about seventy percent of the countries (Table 1). The percentages are slightly greater than twenty percent only in Zimbabwe (26.4 percent), Mauritius (23.2 percent) and Swaziland (22.7 percent), indicating that the manufacturing industry in the subregion is still at its rudiments.

13. The manufacturing sector of the Eastern and Southern African subregion is structurally predominated by light industry. By far the most dominant branches are food, beverages and tobacco [accounting for more than fifty percent of the manufacturing value-added (MVA) in the great majority of the countries] followed by textiles, wearing apparels and leather, accounting for less than twenty percent of MVA in the majority of the countries. Together, these two branches make up over sixty-five percent of the total MVA in manufacturing.

14. Of the remaining thirty-five percent MVA, about ten percent is accounted for by chemicals, petroleum, rubber and plastics, while fabricated metal products, machinery and equipment take some 8.8 percent. Wood and wood products, paper and paper products including printing and publishing, non-metallic mineral products, basic metals and other manufactures account for about fifteen percent of the total MVA of the subregion.

TABLE 1: MAJOR FEATURES OF THE MANUFACTURING SECTOR OF THE EASTERN AND SOUTHERN AFRICA SUB-REGION

| Country | Population '000/1990) | GDP 1990 (Constant 1980 Prices | Share of Manufacturing in GDP(%) | Percentage Share of Manufacturing Value-Added by Industrial Branch: Food, Beverages + Tobacco | Textiles + Leather | Wood + Wood Prod | Paper + Paper Prod | Chemical + Petroleum | Non-Metallic Minerals | Basic Metals | Fabricated Metal + Mach/Equip | Other |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Angola | 10,011 | 9,473 | 7.8 | | | | | | | | | |
| Botswana | 1,325 | 2,421 | 55.8 | | | | | | | | | |
| Burundi | 5,470 | 1,385 | 9.4 | 77.5 | 9.3 | 0.2 | 1.2 | 5.2 | 3.2 | - | 3.5 | - |
| Comoros | 475 | 174 | 4.0 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Djibouti | 427 | 338 | 4.5 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Eritrea | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Ethiopia | 51,183 | 4,907 | 11.2 | 52.0 | 19.0 | 1.8 | 4.6 | 16.4 | 2.7 | 1.7 | 1.9 | - |
| Kenya | 24,365 | 10,844 | 11.1 | 40.8 | 10.4 | 3.3 | 6.7 | 17.0 | 3.1 | 1.0 | 16.1 | 1.5 |
| Lesotho | 1,771 | 558 | 12.9 | 69.3 | 12.6 | 2.7 | 3.5 | 3.9 | 1.7 | 3.9 | - | 2.2 |
| Madagascar | 11,200 | 3,494 | 16.0 | 39.0 | 36.0 | - | - | 7.0 | - | - | 3.0 | 14.0 |
| Malawi | 8,504 | 2,008 | 13.6 | 52.7 | 15.2 | 3.9 | 6.0 | 12.9 | 2.3 | - | 6.8 | 0.3 |
| Mauritius | 1,074 | 1,774 | 23.4 | 30.1 | 49.6 | 1.1 | 2.7 | 4.8 | 2.0 | - | 6.5 | 3.0 |
| Mozambique | 15,784 | 2,308 | 15.1 | 53.3 | 13.0 | 6.8 | 3.3 | 10.7 | 2.3 | 1.9 | 8.1 | - |
| Namibia | 1,400 | 2,156 | 6.0 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Rwanda | 7,113 | 1,359 | 16.0 | 65.4 | 2.4 | 3.7 | 2.1 | 5.1 | 12.1 | - | 9.0 | - |
| Seychelles | 68 | 187 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Somalia | 6,284 | 3,947 | 4.7 | 62.4 | 11.5 | 6.4 | 2.2 | 11.6 | 2.1 | - | 0.8 | 3.1 |
| Sudan | 25,191 | 8,817 | 8.9 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Swaziland | 789 | 836 | 22.7 | 58.8 | 2.2 | 5.1 | 12.0 | 9.6 | 3.5 | - | 8.5 | 0.2 |
| Tanzania | 27,300 | 6,426 | 4.8 | 33.5 | 19.4 | 3.1 | 7.2 | 15.6 | 1.3 | 3.7 | 16.0 | 0.5 |
| Uganda | 17,358 | 3,430 | 4.4 | 20.9 | 28.7 | - | - | - | 0.4 | - | - | - |
| Zambia | 8,122 | 4,409 | 50.5 | 41.6 | 15.3 | 2.3 | 4.9 | 9.7 | 6.6 | 0.8 | 18.5 | 0.3 |
| Zimbabwe | 9,809 | 7,704 | 26.4 | 35.8 | 13.9 | 2.5 | 6.0 | 12.4 | 4.0 | 8.4 | 15.6 | 0.6 |

Source: - UNIDO, Towards an Integrated Industrial Development Programme for the PTA, Working draft V.2.1, April 1990
- UNIDO, Country Briefing Notes, November 1993
- The World Bank, World Development Report, 1993
- UNIDO, Industry and Development, Global Report 1992/93.

NA - Not Available.

15. The following table ranks the different branches according to their percentage share in MVA.

Table 2

Share in MVA and Ranking by Industrial Branch

| Industrial Branch | Average Percentage MVA | Rank |
|---|---|---|
| Food, Beverages and Tobaccos | 48.9 | 1 |
| Textile, Wearing Apparels and Leather | 17.2 | 2 |
| Chemicals, Petroleum, Rubber and Plastics | 10.0 | 3 |
| Fabricated Metal Products and Machinery and Equipment | 8.8 | 4 |
| Paper and Paper Products | 4.0 | 5 |
| Basic Metal Products | 3.1 | 6 |
| Non-Metallic Mineral Products | 3.0 | 7 |
| Wood and Wood Products | 3.0 | 7 |
| Other Manufactures | 2.0 | 8 |
| TOTAL | 100.0 | |

16. The food, beverages and tobacco branch ranks first in all the countries of the subregion, save Mauritius and Uganda, where it ranks second. At 49.6 percent the textiles and wearing apparel branch stands as the most dominant in Mauritius while it ranks a poor second in the great majority of the countries of the subregion. Fabricated metal products and machinery and equipment feature relatively high in Zambia (18.5 percent), Zimbabwe (18.5 percent), Kenya (16.1 percent) and Tanzania (16 0 percent). Chemical, petroleum, rubber and plastic products make important contributions in Kenya (17.0 percent), Tanzania (15.6 percent), Malawi (12.9 percent), Zimbabwe (12.4 percent) and Mozambique (10.7 percent). The branch was until recently, an important contributor in Ethiopia (16.4 percent). This has, however, changed with the independence of Eritrea, which now owns the oil refinery at Assab.

17. The growth of the manufacturing industry in the subregion has not been vigorous over the past years. This is reflected in the modest growth of value-added over the past ten years. While the growth in value-added in individual countries ranged between 18.2 percent for Seychelles and a negative growth of 14.7 percent for Namibia, the average figure for the subregion as a whole was only 3.4 percent in 1980. Most of the countries of the subregion registered negative or near-zero growth in MVA in 1985, averaging a mere 0.78 percent. The situation improved a great deal by 1990 as MVA was positive in all the countries of the subregion except Rwanda where a negative growth of 4.0 percent was registered. Overall, MVA increased at a rate of 3.5 percent for the subregion in 1990. While substantially improved from the level of growth in 1985, it is much below (only a third) the 9.0 percent target set for IDDA I.

Table 3

Growth of Manufacturing Value-added (%)

| Country | 1980 | 1985 | 1990 |
|---|---|---|---|
| Angola | NA | NA | NA |
| Botswana | 1.44 | 1.47 | 4.28 |
| Burundi | 1.41 | 3.50 | 3.31 |
| Comoros | 5.78 | 3.52 | 3.88 |
| Djibouti | 2.98 | 0.49 | 5.10 |
| Eritrea | - | - | - |
| Ethiopia | 0.59 | 0.24 | 1.45 |
| Kenya | 0.68 | 0.21 | 2.49 |
| Lesotho | 16.00 | 4.05 | 9.98 |
| Madagascar | 0.15 | - 0.34 | 0.22 |
| Malawi | 1.25 | - 0.07 | 0.21 |
| Mauritius | - 0.22 | 1.59 | 4.32 |
| Mozambique | 3.25 | -11.98 | 4.40 |
| Namibia | -14.65 | - 3.54 | 5.91 |
| Rwanda | 12.30 | 6.96 | - 4.00 |
| Seychelles | 18.21 | 8.44 | 5.81 |
| Somalia | 9.17 | 7.55 | 0.00 |
| Sudan | - 7.69 | 4.53 | 1.46 |
| Swaziland | 11.70 | - 1.28 | 7.70 |
| Tanzania | 1.39 | - 1.00 | 0.99 |
| Uganda | 6.10 | - 9.80 | 13.45 |
| Zambia | 0.17 | 0.52 | 0.59 |
| Zimbabwe | 1.81 | 1.35 | 2.04 |

Source: UNIDO, Industry and Development, Global Report 1992/3

18. A closer look into the structure of MVA (Table 4, page 10) shows that it accounted, on the average, only for about thirty percent of gross output during the ten year period 1980-1990, indicating a weak internal link. The share of value-added in gross value of production has been lowest in Kenya, Malawi, Tanzania and Mauritius at 12.9 percent, 24.1 percent, 24.3 percent, and 27.5 percent in 1990, respectively. Burundi recorded the highest (62.2 percent) ratio of gross value of output to value-added while Ethiopia, Zimbabwe, Madagascar, and Zambia stood at greater than forty percent.

## II. PRINCIPAL PROBLEMS AND CONSTRAINTS

19. The industrialization effort in the East and Southern Africa sub-region began in the early 1960s with a major emphasis on import substitution, which strategy remained in force throughout the 1980s with the state sector taking the leading role.

20. The import substitution strategy followed and the emphasis on public industrial enterprises were to become the sources of the sub-region's industrialization problems as these led to weak internal links and failed to nurture indigenous entrepreneurship, if it was not an outright discouragement. While conditions may have made it inevitable for the state to take a pioneering role in the industrialization process, especially in the absence of an organized private sector during the post independence period, the performance of public industrial enterprises was dismally poor that it missed the basic industrialization objectives it had set to promote.

Table 4

The Share of Value-Added in Gross Value of Production (Million US$)

| | 1980 | | | 1985 | | | 1990 | | |
|---|---|---|---|---|---|---|---|---|---|
| | GVP | VA | % | GVP | VA | % | GVP | VA | % |
| Angola | - | - | - | - | - | - | - | - | - |
| Botswana | 149 | 41 | 27.5 | 166 | 48 | 28.9 | 439 | 148 | 33.7 |
| Burundi | 95 | 56 | 58.9 | 127 | 78 | 61.4 | 143 | 89 | 62.2 |
| Comoros | NA | 5 | | NA | 6 | | NA | 8 | |
| Djibouti | NA | 34 | | NA | 36 | | NA | 43 | |
| Eritrea | - | - | - | - | - | - | - | - | - |
| Ethiopia | 1,016 | 459 | 45.2 | 1,375 | 577 | 42.0 | 1,721 | 830 | 48.2 |
| Kenya | 3,744 | 755 | 20.2 | 4,368 | 671 | 15.4 | 7,452 | 961 | 12.9 |
| Lesotho | NA | 24 | - | NA | 42 | - | NA | 77 | - |
| Madagascar | 569 | 221 | 38.8 | 328 | 132 | 40.2 | 329 | 134 | 40.7 |
| Malawi | 340 | 123 | 36.2 | 330 | 90 | 27.3 | 552 | 133 | 24.1 |
| Mauritius | 633 | 136 | 21.5 | 729 | 172 | 23.6 | 1,796 | 494 | 27.5 |
| Mozambique | NA | 759 | - | NA | 334 | - | NA | 434 | - |
| Namibia | NA | 79 | - | NA | 83 | - | NA | 92 | - |
| Rwanda | NA | 184 | - | NA | 210 | - | NA | 242 | - |
| Seychelles | NA | 12 | - | NA | 13 | - | NA | 20 | - |
| Somalia | NA | 131 | - | NA | 109 | - | NA | 145 | - |
| Sudan | NA | 717 | - | NA | 926 | - | NA | 1,069 | - |
| Swaziland | NA | 119 | - | NA | 138 | - | NA | 199 | - |
| Tanzania | 1,266 | 361 | 28.5 | 1,145 | 278 | 24.3 | 428 | 104 | 24.3 |
| Uganda | NA | 109 | | NA | 110 | | NA | 200 | |
| Zambia | 1,671 | 780 | 46.7 | 1,378 | 575 | 41.8 | 2,761 | 1,074 | 38.9 |
| Zimbabwe | 3,579 | 1,480 | 41.3 | 3,020 | 1,278 | 42.3 | 4,948 | 2,324 | 47.0 |
| Total: | 13,062 | 4,521 | 34.6 | 12,966 | 3,899 | 30.1 | 20,569 | 6,491 | 31.6 |

Source: UNIDO, Industry and Development, Global Report 1992/93.

21. The manufacturing sector was also beset with problems relating to global economic shocks that deprived the sub-region with the much needed foreign exchange and, conversely, the high import bills for the imports of raw materials and inputs as well as spare parts and machinery and equipment. Such a state of affairs constrained both the optimum use of existing capacities, which ran at very much less than fifty percent in the majority of the countries of the sub-region, and the possibility to reinvest as most of the enterprises operated at a loss.

22. The principal problems and constraints facing the manufacturing sector may, therefore, be summed up as follows:

- Weak internal structural link, leading to high import intensity;
- Inappropriate industrial public policies;
- Old and obsolete plant and machinery;
- Weak local entrepreneurship base;
- Inefficient public industrial enterprises;
- Narrow national market base;
- Weak research and development/science and technology base;
- Weak human resource base.

23. Cross-sectoral issues relating to institutional support, finance, transport and communication, technology and industrial information are added constraints both in industrial operations and growth. Among other major constraints are also such global problems, as rising debts, exposure and sensitivity to the international financial environment.

## III. PROSPECTS

### 3.1 Resource Base

24. The Eastern and Southern Africa sub-region is endowed with a huge human and natural resources potential - a basic attribute for a self-reliant and self-sustaining economic and social development. The sub-region has an estimated population of about 240 million (1990), making it among the largest single markets in the developing countries, with a combined GDP of US$ 120 billion (current US$).

25. The sub-region is endowed with large river and lake basins ideal for joint exploitation for hydro-power, water transport, irrigation, and fisheries development. Only less than ten percent of the potentially irrigable land is cultivated using only five percent of available water resources. While the sub-region is known to have an estimated hydro-electric power potential of more than 700 billion kilowatts per annum, only four percent is currently used.

26. Africa's largest reserves of minerals and precious metals are found in the Eastern and Southern Africa sub-region. Estimates put the sub-region's reserves of phosphates and petroleum at 300 billion and over 100 billion tons,

respectively. The sub-region also produces most of the world's gold, diamonds, platinum, chrome and manganese. Substantial quantities of uranium, nickel, copper and cobalt are also produced.

## 3.2 Industrial Collaboration Arrangements

27. The Eastern and Southern Africa sub-region has made substantial advances in establishing important sub-regional organizations instrumental in enhancing industrial collaboration arrangements. These sub-regional organizations evolved as an integral part of the strategy for a sustainable economic development of post-colonial Africa, as charted already in 1958 (Ghana) and 1960 (Addis Ababa) by the Heads of State and Government of the independent states of Africa who recognized that the small and fragmented national markets would be an obstacle to the creation of modern and internationally competitive economic sectors. The foresight of these leaders was later reinforced by the Lagos Plan of Action and the Final Act of Lagos (1980) which reaffirmed the need for regional and sub-regional cooperation to develop and utilize the human and natural resources of the African continent for a self-reliant and self-sustaining economic and social development.

28. They further culminated in the creation of important sub-regional organizations instrumental in the implementation of the ideals of regional and sub-regional cooperation among African countries. Important headways have been made, particularly in the areas of trade liberalization and facilitation, the removal of non-tariff barriers, the implementation of multinational industries and the rehabilitation of some basic industries since the creation of SADCC (1981), PTA (1982) and IOC (1982), hence creating the condition for sound industrial collaboration arrangements.

29. In addition, PTA has been able to establish institutions necessary in the strengthening of the process of economic cooperation. These include the PTA Clearing House, PTA Trade and Development Bank, PTA Council of Bureaux on Third Party Motor Vehicle Insurance Scheme, PTA Re-insurance Company, PTA Commercial Arbitration Centre, PTA Leather and Leather Products Institute and PTA Tribunal.

30. Other important measures taken to foster sub-regional cooperation include the introduction of PTA travellers cheque (UAPTA) and the active involvement of the three major organizations (PTA, SADCC, IOC) in the identification, promotion and the financing of industrial projects and the exchange of industrial information.

31. The signing of the Treaty Establishing the Common Market for Eastern and Southern Africa (Kampala, November 1993) adds yet another important dimension to economic and social cooperation in the sub-region through, among other things, the balanced and harmonious development of production and marketing structures as well as the promotion of joint development in all economic sectors and the adoption of joint public policies and programmes.

## 3.3 The Industrial Climate

32. The industrial climate is a function of the general socio-economic environment in which it operates. The economic performance of Africa in the 1980s was dismally poor. During the decade, African economies were characterized by declining per capita incomes, agricultural output not in keeping with the growth in population, increasing debt burden and low

industrial output, hence unable to nurture growth and development.

33. The causes for such a discouraging performance have been many and varied. Natural calamities (drought and famine), political instability and internal conflicts dominated the scene. Other obstacles to growth included the absence of economic policies that embrace all economic actors, particularly the private sector, low productivity and the predominance of inefficient public enterprises in many of the countries. Global problems arising from increasing debt burden, declining earnings and rising import bills as well as a reduction in real terms of external assistance to African countries were further drawbacks.

34. The underlying reasons behind the disappointing performance seem to have been well recognized by African leaders as various measures, notably APPER (which emphasized agricultural development and debt reduction) and UNPAAERD (which stressed the need for economic reforms), were taken in the course of the 1980s to reverse the situation. Structural Adjustment Programmes and policy reforms were also adopted by several countries to seek assistance from the World Bank and the International Monetary Fund.

35. Another set of measures taken to improve the industrial environment is the articulation of the African Alternative Framework (AAF-SAP) in which the organic link between industry and agriculture is stressed.

36. The recent signing of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA) is a further reaffirmation of the political commitment to create an enabling environment for the social and economic development of the sub-region. In this regard, the Treaty spells out clearly the need to improve the investment climate both for nationals and foreigners. It also recognizes the need for the increased participation of the private sector in project development, promotion and implementation.

37. The signing of the COMESA Treaty reinforces what has already been resolved by the African Ministers of Industry at their Eleventh Meeting held in Port Louis, Mauritius in 1993. During the meeting, the Ministers reaffirmed their commitment to create an enabling environment which would provide the necessary conditions for sustained growth and increased investment. They also recognized that political stability, good governance and the rule of law provide the basis for such an environment. The need for macro-economic policy measures that are instrumental in averting the crises situation including the reduction of budgetary deficits, reduction of bureaucratic controls, ensuring the operational independence of public enterprises and the promotion of African private entrepreneurship have also been fully appreciated. They emphasized, however, that mechanisms that would guard the de-industrialization of Africa need to be considered and put in place in parallel.

38. To alleviate the constraints imposed by the current level of physical infrastructure, the urgency of the implementation of such physical support services - power, water supply, transportation, roads, railways and ports - have been stressed.

# CHAPTER II

## INDUSTRIALIZATION POLICIES, STRATEGIES AND PRIORITIES OF THE SUB-REGION

### I. INDUSTRIALIZATION POLICIES

39. As already noted various sub-regional organizations have been established to address the social and economic problems of the Eastern and Sourthern Africa. In an effort to seek solutions to the problems under the diverse economic conditions of the different parts of the sub-region, each organization charted out industrialization policies, strategies and priorities responding to the specific situation of the particular area of concern.

40. While these organizations (PTA, SADCC and IOC) have adopted identical industrial policies, priority sectors identified differ reflecting their resource endowments. The priority sectors of PTA and SADCC overlap to a great degree as many of the countries in the latter group are also members of the former.

41. The industrial policies of the sub-region have, in the recent past, been elaborated to reflect the changing global political and economic changes and their implication on the industrialization of the sub-region. This has also been reflected in the Treaty Establishing the Common Market for Eastern and Sourthern Africa.

42. The following are the declared industrialization policies of the Eastern and Southern Africa sub-region.

#### A. The Promotion of Small and Medium-scale Industries

The policy to support small and medium-scale industries arises from the labour bias that, by nature, is less capital intensive, hence enhancing employment and local entrepreneurship.

#### B. The Promotion of Local and Foreign Private Investment

The important role of the private sector in industrial development is well recognized. The policy of the promotion of local and foreign private investment is aimed at encouraging African entrepreneurship and attracting foreign investment finance, technical and technological know-how and management skills. The promotion of local entrepreneurship through the easier financing of small and medium industries, the promotion of intra-African trade and other support mechanisms is a central consideration in the policy.

#### C. Export Development

The acute shortage of foreign exchange remains to be a binding constraint in the industrialization effort of the sub-region. The development of manufactured exports is believed to play an important role not only in increasing foreign exchange earnings, but also in enhancing improvements in quality and the level of production technology. It is well recognized that the development of manufactured exports requires a policy framework in which administrative obstacles are kept to a minimum.

D. Rehabilitation of Existing Production Units

The operating conditions of existing production units are characterized by low capacity utilization and inefficiencies perpetrated by oldage, lack of spare parts and obsolescence. There is, therefore, an urgent need for rehabilitation. In addition to the physical rehabilitation requirements, measures also need to be taken in the areas of manpower development, industrial engineering and investment promotion.

E. Privatization

With the increased recognition of the importance of the private sector in industrial development, the privatization of public industrial enterprises is believed to enhance efficiency.

F. Import Substitution

These relate to selective import substitution activities to be adopted at a broad level, benefitting both the sub-region and individual countries.

## II. INDUSTRIALIZATION STRATEGIES

43. In a clear reaffirmation of recent and past declarations, the Treaty Establishing the Common Market for Eastern and Southern Africa has adopted the following industrial strategy:

A. The promotion of linkages among industries through specialization and complementarity, paying due regard to comparative advantage in order to enhance the spread effects of industrial growth and to facilitate the transfer of technology;

B. The facilitation of the development of:

(1) small and medium scale industries including sub-contracting and other relations between larger and smaller firms;

(2) basic capital and intermediate goods industries for the purposes of obtaining the advantages of economies of scale;

(3) food and agro-industries.

C. The rational and full use of established industries so as to promote efficiency in production;

D. The promotion of industrial research and development, the transfer, adaption and development of technology, training, management and consultancy services through the establishment of joint industrial support institutions and other infrastructural facilities;

E. The promotion of the linkage between the industrial sector and other sectors of the economies such as agriculture, transport, communications and others;

F. The granting of investment incentives to industries particularly those that use local materials and labour;

G. The dissimination and exchange of the industrial and technological information;

H. The improvement of the investment climate for both national foreign investors and the encouragement of national savings and re-investment of surpluses;

I. The development of human resources including training and development and indigeneous entrepreneurs and industrialists for sustained idustrial growth;

J. The increased participation of the private sector in project development, promotion and implementation;

K. The rehabilitation, maintenance and up-grading of agro-industries and the metallurgical, engineering, chemical and building material industries;

L. the development and promotion of integrated Inter-State resource-based core and basic industries;

M. The promotion of multinational projects with the aim of increasing added value to raw materials in the Member States for export;

N. The joint exploitation and utilization of shared resources.

## III. PRIORITY SECTORS

44. The priority sectors identified by the various sub-groups of the sub-region (PTA, SADCC, IOC), while very much similar, also give due regard to peculiarities of their natural resource endowments. These priorities may be classified under the following major sectors:-

A. Agro- and forest-based industries (food processing, leather and leather products, textiles, pulp and paper);

B. Chemical industries (fertilizers, insecticides, pesticides, pharmaceuticals and basic chemicals);

C. Metallurgical industries (iron, steel, copper, aluminum);

D. Engineering industries (machine tools, spare parts and components, fabricated metals, agricultural equipment, transport equipment);

E. Non-metallic mineral industries (cement, glass, ceramics and allied products).

45. Support programmes relating to capability and institution building, particularly with respect to human resource development, the development of science and technology, including technology unpackaging and the exchange of information are important considerations in the execution of the above priorities. Other areas of concern include the development of physical infrastructure in terms of roads, transportation facilities and power supply.

# CHAPTER III

## SECOND IDDA SUBREGIONAL PROGRAMME FOR EASTERN AND SOUTHERN AFRICA

46. The economy of the Eastern and Southern Africa states had to face crisis situati ns due as much to indigenous as exogenous factors, well-known since 1980. This, added to the lack of performance of the first Industrial Development Decade for Africa (IDDA: 1981 - 1990) brought the African states to propose and have approved by the International Community a Second Decade (IDDA: 1993 - 2002) in order to correct the deficiencies of the first Decade and bring the industrial sector to play a dynamic role in the development of the continent.

47. The initial integrated subregional programme for Eastern and Southern Africa was approved at the subregional meeting of November 1983 held in Addis Ababa. This programme identified priority projects and the sponsoring countries.

48. Further to the economic difficulties of the 1980s mentioned above and further to the decision of the Conference of African Ministers of Industry at its eighth meeting held in Bujumbura, Burundi, in September 1986, requesting an evaluation of the first IDDA, the integrated subregional programme was revised by the Economic Commission for Africa (ECA) on request by UNIDO, taking into account the evaluation's results. This revised programme was reviewed at the subregional meeting held in October/November 1988 in Harare, Zimbabwe.

49. The subregional programme for Eastern and Southern Africa (SRPESA) was later revised by UNIDO and the Preferential Trade Area for Eastern and Southern Africa (PTA) working group, including UNIDO, the Economic Commission for Africa (ECA), the Commonwealth Secretariat and a selected number of Member States of the subregion. The programme was later on revised by a subregional meeting held in March 1991 in Kampala, Uganda.

50. The subregional programme for the second IDDA, hereinafter described, was elaborated from the revised programme which includes projects that were supposed to be sustained by important support measures.

51. The Kampala meeting ratified a new revised integrated programme for Eastern and Southern Africa's industrial promotion. This programme categorized the projects in two groups: the priority projects (A) and the optional projects (B).

- The priority projects include 27 core projects and 16 support projects. (Core projects referring to multinational industrial enterprises or projects in the development of which a number of countries are involved either through equity participation, or as input providers or subregional market. Support projects referring to activities in areas required to facilitate and promote industrial development in the subregion, such as supporting the institutional infrastructure, human resource development, the provision of industry-related services).

52. The selection of the projects subm' ted by Member States and the inter-governmental organizations after applying the selection criteria (11 in all), led to 43 priority projects and 45 optional projects (Annex 2). The priority projects include 27 core projects of which 7 are in chemicals, mechanical and building materials each, 6 in agro-based industries and 2 in metals, and 16 support projects. The optional projects on the other hand include 25 core projects of which 11 in chemicals, 5 in mechanical, 4 in agro-industries, 3 in metals and 2 in building materials, and 20 support projects.

53. The support sectors and the major resources required for developing the subregion include: agriculture, mineral resources, energy, transport, communication, human, financial and technological resources and the institutional infrastructures.

54. The programme proposes, for implementation efficiency, that the projects be included in the national development plans of the promoter states and receive more publicity in the region and outside, addressed to economic agents as well as financial institutions. If local resources can be mobilized, the potential foreign investor could be inspired and be encouraged to take part in the viable enterprises. In addition, resource mobilization remains a critical factor in which all actors should participate: the sponsoring state, the specialized non-governmental agencies, the Economic Commission for Africa, UNIDO, the African Development Bank, the World Bank, the PTA Bank and the other financial institutions in the subregion.

55. A better coordination between the inter-governmental organizations and the subregional and regional programmes is required. The subregional institutions, in particular the PTA, SADCC and IOC should be entirely coordinated in order to play an active role in the implementation of the IDDA subregional programme. Actually, the programmes of the subregional organizations for the 1990s, as far as the industrial sector is concerned, should come from the second IDDA subregional programme.

56. The programme insists on the creation of an enabling environment for the investors and on identifying the potential private promoters.

57. The SRPESA which is actually in execution, elaborated in 1990 while the context has appreciably been modified by major global changes that meanwhile occurred, has inevitably been influenced by these events.

58. On the political front, one witnesses to the East the disintegration of the state monopolies . To the West the recent signature of the Maastrich Treaty reinforces the construction of Europe. In Africa, the consequences of the events that took place in East Europe led to a grave economic crisis, bringing about turbulence and claims for political openings toward democratic plurality. If, henceforth, this is accepted in the subregion, its application is still facing some difficulties in most of the states, creating at times serious crisis.

59. In the economic context, while unemployment reaches unprecedented levels and growth slows down to the West, the East is struggling with great difficulties in the transition to market economy, all that with a generalized thrust of regionalism: North American Free Trade Area (NAFTA), Latin American Association for Free Trade (LAAFT), European Union (EU), Asia-Pacific Economic Cooperation (APEC), Association of South East Asian Nations (ASEAN).

60. In the meanwhile, Africa is facing unprecedented difficulties. In addition to the deterioration of the terms of trade and the diversion of a significant part of foreign capital towards East Europe, the worsening of the situation is also due to socio-political turbulence, political uncertainties, renewal of Government team. To these, the recessionary effects of the stabilization and structural adjustment policies adopted by several of the subregional states is to be added.

61. In the industrial sector, the structural adjustment programmes, up to now, have had rather deceiving results. Indeed, in reducing expenses by specially restricting households consumption and public expenditures, the market was affected. The search for efficiency and more competitiveness is actually translated in restructuring and rehabilitation actions which generally take the form of privatization programmes whose results are far from being conclusive for lack of or insufficiency of potential local investors.

62. With all the bilateral and multilateral financial institutions conditioning their interventions in the region to an agreement with the IMF/World Bank Group, the structural adjustment programmes are difficult to bypass from now on.

63. These programmes aim, on one side, to reduce the budget and balance of payment deficits, and on the other side, to get rid of all sources of inefficiencies and to revive growth by way of liberalization measures and restructuring the production system, mainly under the impulse of the private sector. To this end, the sectoral policies seek to rationalize and promote the production of the high-potential agricultural subsector, the development of the industrial sector by its rationalization and diversification, the straightening and restructuring of the financial system for a better collection of savings and far more opportune investments. The complementary measures aim at the improvement of the economic environment and at the reduction of the production cost. They also aim at improving education and health which are recognized as strong determinants of long-term development.

64. Despite the divergence between options: integration by way of the market (as advocated in the Lagos Plan) or by way of the production (as recommended in the structural adjustment programmes), there exists some convergence due to evident interactions between integration and adjustment. Therefore, there is an increasing need for their coordination, and this explains why people talk more and more about the regional dimension of adjustment. It seeks to reduce the discrimination and divergences in policies, to lower the level of protection, to stimulate competition, to rationalize the tax system, to remove customs barriers and to rationalize transport policies and transport cost.

65. In this context, the Member States of the subregion took a decisive step in creating the Common Market of Eastern and Southern Africa (COMESA) which committed itself to strengthen and accelerate the process of economic integration in the subregion by increasing the level of cooperation in:

- fiscal and monetary policies;
- commercial and customs policies
- harmonization of investment policies;
- exploitation of natural resources, the environment and tourism;

- agriculture and food security;
- development of industry and energy;
- transport and communication;
- creating a more inclusive mechanism for the private sector to participate in the decision making process.

66. With its 21 Member States, COMESA will unequivocally influence the strategy of integration which aims at developing joint relations and operations through dialogue between private operators from different states and between them and the states.

67. Considering the weaknesses of the SRPESA due to the fact that it was elaborated in a previous context characterized by deep political, economical and social changes which affected the world in the last few years, and Africa in particular, it appears that it will not be able to be implemented in its actual formulation. It belongs to the present forum to deduct the conclusions and to propose the necessary changes. It is appropriate to recall that programme revisions are part of the process and that the second Decade recognized the necessity to re-examine the programmes at regular intervals and adjust them in function of new priorities and needs.

# CHAPTER IV

## RECOMMENDATIONS FOR THE ADAPTATION OF SRPESA

### I. PRINCIPLES

68. To be credible, as much to Member States as to donors and financial institutions, the subregional programme has to take into account, in strategic terms, the trends and the international context which tend to marginalize Africa to the benefit of other regions.

69. Based on the principle that a market economy assures a better resources distribution and that the private sector is to play a much more dynamic role in the industrialization process, the strategy has to reflect the following orientations: more liberalization, a logic of efficiency and competitiveness, and a better distribution of functions between the public and the private sectors through closer dialogue from which a consensus reached in order to muster the support and the real participation of all actors, the public or the private sector.

70. The changes introduced by the structural adjustment programmes, the difficulty in mastering the main parameter of development in a decade, the acceleration of technological, socio-economic and political changes require the strategy to be progressive.

71. Finally due to the scarcity of local reserves and the dwindling of external resources allotted to the subregion, the strategy has to be selective, by concentrating all efforts in areas which, at lower cost, have more impact on the productive system altogether and/or in those where the subregion has a comparative advantage.

72. The action programme hereinafter proposed responds to those requirements. In order to make it more operational, it is divided up into more or less homogenous sequential phases of length still to be fixed. The first phase shall lay the foundation for a good start of the second Decade by letting the political-economic changes in progress be completed and starting those actions whose considerations for success have been met.

73. Based on the conclusions of the evaluation of the programme and the attitudes of the financial institutions, it would be illusory to look for additional productive investments as long as the main constraints impeding the good operation of the existing enterprises are not eliminated, specially the implementation of adequate institutions and economic policies. Concurrently, the studies of selected existing units whose restructuring/rehabilitation or modernization proved to be feasible in the context of the subregional cooperation could take place.

74. Consolidation of existing industrial units through rehabilitation and rationalization has a very vital importance,for it would be vain to try to attract new investment, either locally or outside, as long as the existing units do not work properly. For a minimum capital outlay, substantial improvements can be obtained in terms of value-added, then of economic growth. Some bad results recorded so far in terms of privatization are specially due to the fact that only internal problems of the units have been addressed to

the detriment of other relevant and as important factors, namely of the environment.

75. However, privatization should not be considered a panacea. Other formulas that will lead to private sector management have to also be considered. An integrated approach is recommended which, after the identification of the priority units, considers their rehabilitation as part of a consolidated restructuring programme of the industrial sector, including appropriate support measures.

76. Expansion, by way of new subregional enterprises in the priority subsectors, has to be done with a programme approach through:

- in-depth subsectoral studies: diagnostic, identification of present or future opportunities, constraints and development constraints;

- review of selected investment programmes and projects, if possible, in dialogue with the operators and the banks, identifying the required means and sources of financing;

- the elaboration of an action programme that will specify the main actions to be taken, the responsibilities and the schedule of operations;

- the implementation and monitoring of the action programme which necessitates regular evaluation, identification of goals and possible deficiencies in order to bring necessary corrections.

## II. NEW ORIENTATIONS OF THE SRPESA

77. Later developments in the context of the preparation and implementation of the SRPESA require adjustments in terms of greater flexibility and implementation by successive phases, taking into account the results obtained at the end of each preceding phase.

78. The conclusions and recommendations of works done on the industrial priority subsectors and the restructuring actions of enterprises in many states of the subregion suggest as:

- first level of priority, the continuation of the reforms whose main objective is the elimination of all constraints affecting the subregional industries, specially the measures which create favourable conditions for good operation and a recovery of the productive investments;

- second level of priority, the execution and the consolidation of programmes of existing enterprises and the continuation of the improvement of the immediate environment on which their good operation depends;

- third level of priority, the industrial expansion in terms of new units created in the priority subsectors.

79. The essential objectives of each of these priorities, as mentioned above, have to correspond to the sequential phases of the SRPESA which would be:

<u>Phase 1:</u> called EMERGENCY phase, which includes the programmes to complete the activities of the first level of priority;

<u>Phase 2:</u> called CONSOLIDATION phase, mostly focusing on the programmes of restructuring/rehabilitation/modernization and also on the implementation of the necessary conditions for Phase 3;

<u>Phase 3:</u> called EXPANSION phase, essentially dealing with new industrial investments.

80. In practical terms, the phases are not self-exclusive. The preparatory work relative to the objectives of a given phase is generally done in the previous phase. In the same way, the operations whose implementation requirements are met could be immediately executed.

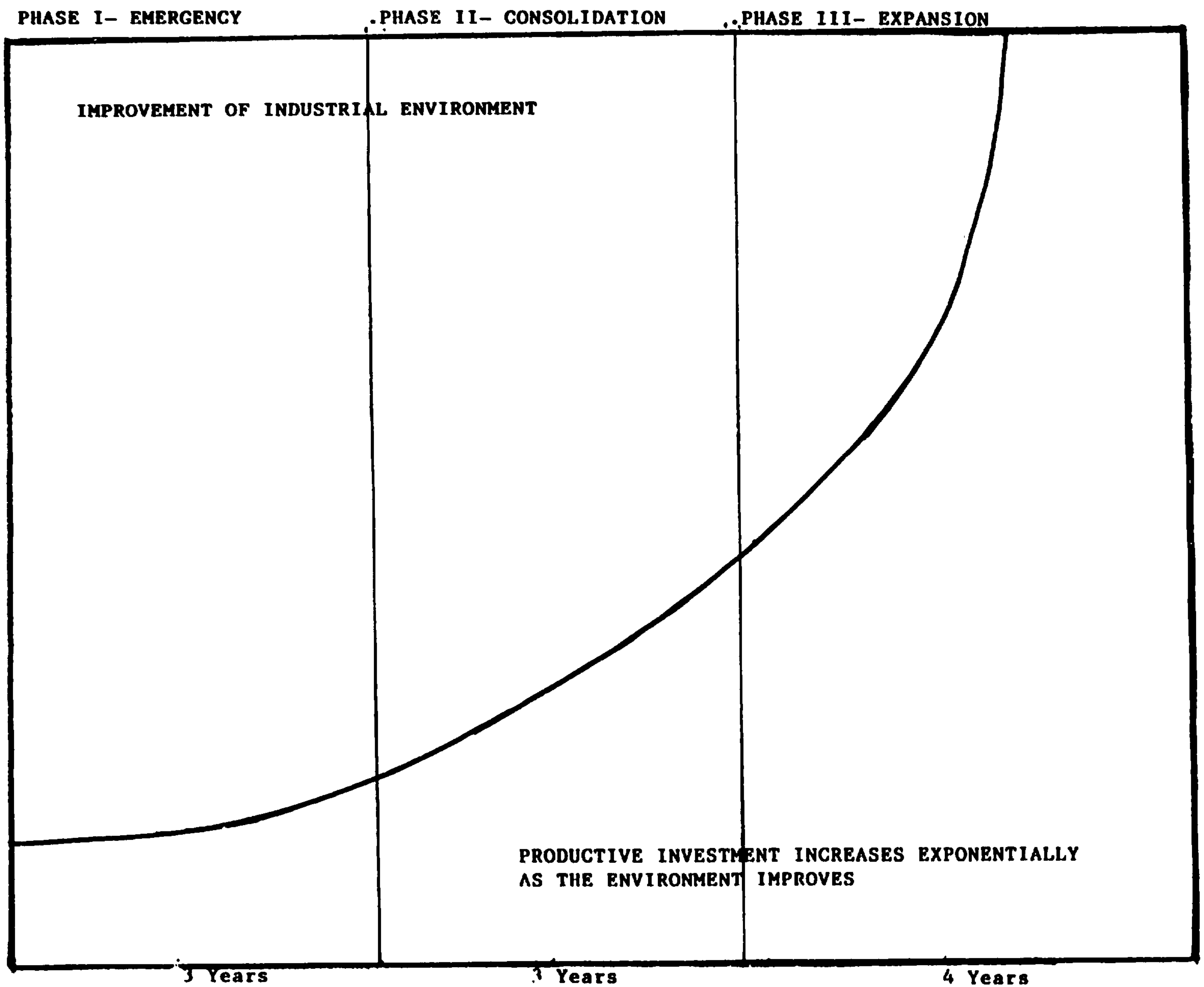
81. It is very difficult to determine the length of the phases based on defined criteria. However, as an indication, the first two phases could last 3 years each and the last phase 4 years. In reality, in most of the states of the subregion, the economic policy reforms are in process in the context of the structural adjustment programmes. It is just a matter of completing and harmonizing those policies. It is the same for the rehabilitation programme where most of them fall under the privatization scheme. It is then possible to think that the two first phases could be easily financed and that a period of 6 years is sufficient.

82. To facilitate the presentation, a distinction is made between support programmes and subsectoral programmes. The support programmes refer to physical infrastructure, institutional infrastructure and human resource development. The subsector programmes refer to the agro and agro-related industries, the metallurgical industries, the mechanical (or engineering) industries, the chemical industries and the building material industries.

## 2.1 <u>Support Programmes</u>

### 2.1.1 <u>Physical Infrastructures</u>

83. The liberalization of trade and removal of tariff and non-tariff barriers will inevitably increase the level of economic activities in the agricultural and industrial sector, hence increasing the demand for transport and communication. However, the current situation is constrained by the inadequacy and poor conditions of the transport and communication infrastructure in the subregion. Even though the main ports are relatively well connected to their hinterland, the interstate transport network is questionable and constitutes a major obstacle within the subregion, specially when economic integration is promoted by way of pooling the different markets and the natural resources. Maritime transport, on the other hand, is mostly in the hands of foreign vessels which carry about 96 percent of the sea-borne trade of the subregion.


PHASE I- EMERGENCY
PHASE II- CONSOLIDATION
PHASE III- EXPANSION
IMPROVEMENT OF INDUSTRIAL ENVIRONMENT
PRODUCTIVE INVESTMENT INCREASES EXPONENTIALLY
AS THE ENVIRONMENT IMPROVES
3 Years
3 Years
4 Years

84. Substantial efforts were made between 1982/1992 in rehabilitating and upgrading the transport and communication infrastructure. However, as far as road transport is concerned, the operating costs are still high and vehicle utilization is very low. The high operating cost is mainly due to excessive Government regulations on market entry, lack of efficient logistics and management, poor roads and lack of spare parts. It was evaluated that a saving of US$ 1.5 billion a year could be made if operating cost could be reduced by 10 percent in the subregion. In addition, the efficiency of the transport system could be improved if the decline in the size of the trucking fleet is stopped, condition that creates an acute problem for numerous states in the subregion in meeting road freight and passenger demand.

85. As far as investment is concerned, the road network constitutes the bulk of fixed transport infrastructural investment although a large proportion of the network has drastically deteriorated due to lack of maintenance. It is evident that road maintenance and network management get a higher priority, specially when it is established that maintenance cost on a section represent only 20 percent of the reconstruction cost of the same section.

86. It is also to be mentioned that after the harmonization of road transit charges and liberalization of the trucking industry in the subregion, new regulations were imposed by certain states resulting in market entry control and creating, in some cases, monopolistic situations and artificial shortages of trucking capacity.

87. As far as the railway system is concerned, the subregion has a low density of railway network (2.6 km/1000 km2 compared to Europe with 400 km/1000 $km^2$). But to be more specific, there are two separate networks in the subregion: 1.067 meter gauge which represents 77 percent of the network and 1,000 meter gauge representing 23 percent of the network. The former is mostly concentrated in the Southern states and the latter mostly concentrated in the Eastern states with Tanzania sharing the two networks. The existence of the 2 different gauges between the Eastern and Southern Africa railway system means that there are no thorough rail traffic between the two networks. While the Southern network accounts for about 80 percent of the inter-state and international traffic, the Eastern network has lost to road transport where more than 80 percent of the international traffic is now carried. In addition, the railway system is plagued with an environment not conducive to its enhancement due to continuous involvement of the states in the management of the system.

88. The subregion remains the zone with the least ton-kilometer performance in air transport as well as passenger, freight and postal traffic. In 1989, the African airlines as a whole accounted for 1.2 percent of total revenue in the world, 8.9 percent of world revenue passenger kilometers and 1 percent of total world freight ton-kilometers compared to 33 percent of total world passengers, 34.1 percent of world revenue passenger kilometers and 35.2 percent of total world freight ton-kilometers for European airlines in the same period. The subregion airline industry is characterized by small fleets, very few of which operate medium and long haul routes. The problem of small airline size is compounded by the small national markets and insignificant discretionary spending power, then their high overhead cost. Despite the cooperation programme adopted in line with the 1988 Yammousoukro Declaration on a new air transport policy for Africa the performances in the subregion are still low and this is due to the daily low average aircraft utilization of about 6 hours on both regional and international routes which reaches 10 hours

for some airline in international routes.

89. The subregion's maritime infrastructure is probably the least developed in the developing countries, lagging behind the Northern and Western African regions. In the 1980s, the ports of the subregion had a reputation for congestion, inefficiency due to low output and pilferage. However, with new and more modern cargo handling equipment and more trained personnel, productivity has improved and the cargo traffic is slowly picking up. But the volume of cargo at country level in the subregion which is of interest to shipowners remains a low tonnage, both on imports and exports resulting in the impossibility of any Member States to successfully negotiate a special pool tariff. In addition, the lack of qualified port manpower and long documentation procedures do not facilitate the flow of the traffic through the ports in the subregion. The practical consequence is that freight cost as a percentage of import value is one of the highest in the world.

90. In terms of telecommunications, the subregion made great strides in the development of the telecommunication network. Actually, the level of exchange lines and telephone extensions reached 0.41 and 0.64, respectively per 100 inhabitants, but is still far short of current service demand and recommended norms. The implementation of the telecommunication programme is affected by many problems and difficulties among which are:

- lack of financial resources;
- telecommunication not prioritized by Member States;
- lack of or inadequate coordination;
- shortage of skilled manpower;
- inappropriate management of telecommunication service;
- inadequate maintenance of the network;
- diversity of telecommunication equipment;
- low network capacity;
- lack of direct, reliable and efficient telecommunication links;
- high tariff rate;
- insufficient traffic.

91. Postal service remains one of the important means of communication in the subregion where transit centers have been designated to handle transit surface and air mail. Recently fast expedited mail services (EMS) were introduced at affordable prices to meet the competition in mail conveyance. However, postal personnel training remains a matter of concern in the subregion.

**Recommendations**

92. The exploitation of all studies and programmes proposed by the subregional institutions should permit the elaboration of a substantial programme which could be subdivided into 3 priorities: short, medium and long term.

93. Investments in this sector being so heavy, it is suggested for the:

- short-term: actions related to the harmonization of procedures and regulations (policies, studies for improvement of the networks, training of the personnel).

- medium-term: the maintenance and strengthening of the existing networks and adoption of common rules.

- long-term: new projects and elaboration of subregional infrastructure plans and programmes.

2.1.2 <u>Institutional Infrastructure</u>

94. The institutional infrastructure, which covers a great variety of institutions and regulations, provides the thinking process and the stimuli which affect, more or less directly, the industrialization process.

95. In priority there is the state, its services concerned with industrialization, its competence in policy matters and economic regulation that includes money, taxation, customs, exchange, import - export, investment, intellectual property, and the approval and control mechanism.

96. The state's role as an industrial entrepreneur is being contested more and more due to its failure and those of its unadapted and costly structures to the community as to the potential investors.

97. The banking system which practically collapsed because of its financing of the budgetary deficit and of the insolvent public enterprises or extending credit on personal or political basis has to be rehabilitated as soon as possible in order to support the private sector in providing investment capital and working capital.

98. The industrial sector, even formal, is not well organized in most of the states of the subregion. Represented by associations, such as the Chamber of Commerce and Industry, where the traders are predominant whose interests are often, if not conflicting, very far from those of industry, the private sector is far from playing its driving role in the industrialization process. It has to be seriously reinforced, invigorated, and organized so that it could reach a level that would allow it play an active role, when dialoguing or negotiating with the state.

99. In addition, a series of support services which play important roles in industrialization but which are still hardly known or underestimated in most of the states of the subregion, have to be mentioned. These are in particular:

- trade, industrial, technological information networks made indispensable due to the opening to market economy;
- standardization and quality control of products;
- insurances;
- research and development institutions;
- consulting firms in engineering, auditing and other specialized domains.

**Recommendations**

100. In terms of political reforms and economic regulation, it is suggested:

- to synthesize the reform actually implemented in the Member States in the framework of the structural adjustment programmes and the strategies established by the different inter-governmental organizations, PTA, SADCC, IOC;
- to analyze them in view of their subregional harmonization.

101. It is to be noted here, that there is a need for coherence in the industrial policies, in the elaboration of which the private operators have to be associated. In addition, the elimination of customs barriers has to be progressive to permit the existing industrial fabric to adjust itself. In some cases, compensation mechanisms should be implemented.

102. In reference to the financial system, if ordinarily the restructuring of banks is taken care of in the SAP, it is not the same for the specialized financial intermediaries in risk capital, credit leasing and financial markets. Neither is the strengthening of institutions specialized in collecting savings, like the insurance companies, the social security institutions and the mutual funds.

103. In terms of support services, it is important to urgently implement subregional programmes:

- in industrial and technological information network;
- rationalization and quality control;
- research and development organization;
- development of industrial consultancy.

104. There is also a need to help the private sector to organize itself in subregional professional associations in order to be better represented.

### 2.1.3 Human Resources

105. The implementation of self-supporting industrial development programme depends on the development of human resources at various levels of the industrial process. Indeed, in terms of competitiveness nowadays, raw materials and cheap labour are replaced by a highly qualified technical and managerial work place, the mastery of marketing techniques, the quality of the products, the regularity of delivery.

106. Everybody agrees that the prosperity of a country is nowadays mainly the result of the level of its human resource competence, whose development appears as the priority of priorities for the support programme of the Decade.

107. Despite the undoubted result in basic education in the sub-region, the education system is not yet adjusted to the requirements of the modern productive activities. The technical school subsystem is not yet able to produce graduates with the proper know-how in order to absorb a significant part of the high growth population. While still resorting to foreign technical assistance to operate the productive enterprises, the subregion dumps thousands of graduates in the streets without jobs. It is more than time not only to find more relevance between training and job, but also to better utilize the potential of the young graduates.

**Recommendations**

108. The need for manpower in priority industrial branches should be established in the sectoral plans. By and large it is recommended to establish, for a predetermined period, the balance sheet of the needed and available resources and consider afterwards the adjustment measures. A specific entrepreneurship programme has to be implemented. Subregional cooperation has to be maximized in the training and specialization of staff and technicians.

## 2.2 Priority Subsectoral Programmes

### 2.2.1 Agro and Agro-Based Subsector

109. The Conference of African Ministers of Industry, at its 9th meeting in Harare, referring to the priority given to agriculture in achieving food self-sufficiency in the Lagos Action Plan, a priority also recognized in the UN Africa's Priority Programme for Economic Recovery 1986/1990, re-emphasized the need for developing the processing industries to develop the agro-industrial linkages.

110. Agro-based production actually constitutes between 50 percent to 75 percent of total manufactured value added in most of the Member States. This subsector will continue to predominate the industrial structure fo sometime, for there are agricultural resources that could still be transformed in the subregion if technologies adapted to the local conditions (small-scale) are introduced.

111. In this context, UNDP prepared feasibility studies for the rehabilitation and expansion of five agro-based industrial subsectors which are waiting to be implemented. These are:

- animal feed;
- edible oil;
- grain milling;
- sugar;
- pulp and paper.

112. The animal feed subsector is characterized by large mills operating at very low capacity level. One consequence of this situation is the tendency for an increased number of animal producers (from small to large capacity) to begin to produce their own feed. The sub-region trade is put at 150,000 tons, of which 130,000 tons of cakes and molasses are exported. The compounds market is developing slowly because of lack of raw materials, and low purchasing power. There is, however, a market to limit feeds components imports and develop, domestically, processing of animal feeds by-products into protein supplements. In Burundi, Ethiopia, Kenya and Tanzania production capacities have been found to have potential for exports within the sub-region.

113. Edible oil average consumption per capita in the sub-region is estimated to be between 1 and 8 kg/capita/year with a large number of Member States consuming below 2kg/capita/year level. In 1986, 229,000 tonnes of edible oil was imported into the region, 80 percent of which being palm oil. Actual demand in edible oil is barely supplied by local and regional productions. There are great opportunities for oil industries development in the sub-region more specifically as consumption is still very low in most of the Member States, but this implies an improvement in raw material crop production. Malawi, Tanzania, Uganda and Zimbabwe were identified as having potential for export within the sub-region.

114. Grain milling. In the sub-region cereals consumption, (wheat, maize, sorghum, millet) was about 21 million of tons in 1986, that is 11.3kg per capita, with maize representing 65 percent of these cereals and wheat and sorghum, respectively, 15 percent. Imports for the same period was 10 percent of total consumption, about 2.1 million of tons in total. A large part of those imports came from Kenya and Zimbabwe, the main suppliers of the sub-region. These two countries and Tanzania, which has a high potential for cereal production, have been identified as possible providers of the sub-region.

115. Sugar is a very competitive product and only producers with competitive prices could evolve in the international competition. Mauritius, Swaziland and Zimbabwe's production combined represents 56 percent of the sub-regions total sugar production. Sugar exports of the sub-region, mostly to Europe, 1.4 million tons, is at 86 percent accounted for by the same states mentioned above, while their share of the sub-region's imports is only 20 percent to 30 percent. However, the efficiency of these states have to improve, if they are to keep this market. Kenya and Zambia were identified as having potential to export after rationalization of their production.

116. The pulp and paper industry is almost non-existent in the sub-region except in Kenya and Zimbabwe which are able to supply their own needs from their own resources and will be able to do so for about 25 more years. But beyond that the prospects is gloomy as far as raw material is concerned and it would be reasonable to plan for zones of great paper production in those areas most favourable to afforestation. Planting work should start in about the year 2000 with major afforestation projects designed to provide annual volumes of 1 to 2 million cubic meters of wood with preferably a proportion of two-thirds softwood and one-third hardwood.

**Recommendations**

117. The conclusions of the studies of the different subsector should be explored by the subregion and action programmes developed in order to initiate the implementation of the recommendations which could be classified in short, medium and long term actions. In any case, considering the implications of probable depletion of some resources, it is urgent to start planning now.

2.2.2 Metallurgical Industries

118. As main suppliers of metals and alloys to other industrial sectors, the metallurgical industries play a significant role in the industrial development process. In the subregion, vast mineral resources are found, particularly: iron ores, copper ores, alloying minerals and high quality refractory minerals as well as fluxing minerals same as energy resources (oil), that justify the decision of the Member States to accelerate the industrial process by establishing viable metallurgical industry focusing initially on the iron and steel industry.

119. The natural resources available for development of iron and steel industry are estimated to be:

- 6.3 billion tons of iron ore reserves;
- 54 billion tones of coal reserves;
- abundant quantity off gas.

120. In addition, the subregion is endowed with 56 percent of the world's high-grade chromium and many others.

121. In the subregion there are 31 steel plants in total distributed as follows:

| | | |
|---|---|---|
| - Large integrated steel plant | | 1 |
| - Mini-steel plants | | 11 |
| - Melt shops | | 2 |
| - Re-rolling mills | | 17 |
| (long-products) | (14) | |
| (corrugated iron sheets) | ( 2) | |
| (tubes) | ( 1) | |

122. The per capita steel consumption average 8 kilogrammes per annum in the subregion. This level of consumption, when compared with other regions, indicates that it is exceedingly low (5 times lower than Asian consumption and 10 times lower than Latin America). However, there is a great difference in the pattern of consumption in the subregion which is skewed in favour of Kenya and Zimbabwe. This low steel consumption in the subregion is due to under-utilization of installed capacities which in turn was due in part to: non-availability of raw and input materials, poor maintenance, obsolescence of plant and equipment and inadequacy of skilled manpower.

123. Studies were carried out in the sub-region with assistance from ECA, UNIDO, Commonwealth Secretariat and technical expertise from ZISCO (of Zimbabwe). Based on the recommendations, partial rehabilitation of selected steel plants were carried out in 6 plants where basic rectifications of some of the specific technical deficiencies identified were dealt with which resulted in increased capacity utilization and productivity.

124. At the same time, the creation of a Metallurgical Technology Center in Zimbabwe would be a tremendous help to the metallurgical industry. The center will provide a broad selection of services ranging from research and development to training.

**Recommendations**

125. - the rectification of the other specific technical deficiencies identified by the studies of the steel plants recommended should be completed in the other 5 plants previously studied;

- the development of backward and forward linkages in the steel industry should be promoted;

- with regard to human resource development the ongoing programme funded by UNIDO, COMSEC and the British Commonwealth (ODA) should continue extending the training and increase the level of skill in maintenance engineering but should include also other areas;

- complete the additional technical investigation required to assure the implementation in the near future of the sponge iron plant (DRI) as recommended by the study, based on the evolution of the consumption;

- pre-feasibility studies for production of flat and high alloy steel that could be used by the mechanical industries in the context of forward linkages.

2.2.3 Mechanical Industries

126. The mechanical industry utilizes the products of the metallurgical sector and produces the machinery and equipment necessary for production, transportation of raw materials, mining and transformation. In general, it furnishes the equipment that produces the spare parts indispensable for maintenance and repair. In the subregion, the mechanical subsector is not developed to an appreciated level.

127. The areas of production of the mechanical industries in the subregion are:

- fabricated metal products;
- transport equipment;
- non-electrical machinery;
- electrical machinery.

128. Based on the assessment of the subregion's needs, the following priority industries have been established:

- machine tools;
- agricultural machinery, equipment and tractors;
- trucks and low cost transport equipment;
- spare parts.

129. Feasibility studies prepared for ECA were conducted on the basis of those four key areas which generated some activities and decisions in the subsector:

- rehabilitation of Luangwa Industries Ltd. in Zambia in order to take up manufacture of auto components;
- INDECO took the decision to implement an auto filter project;
- Alkaki Spare Parts and Hand Tools Factory (ASPF) in Addis Ababa, Ethiopia, and Tanzania Engineering and Design Manufacturing Organization (TEMDO) in Arusha, Tanzania, with UNDP funding implemented a promotion project of spare parts manufacture which will benefit the textiles, cement, sugar, iron, steel and metal fabrication industries;
- rehabilitation of UGMA Engineering Corporation in Lugazi, Uganda, with PTA Bank financing to produce spare parts and components for Uganda and neighbouring countries.

**Recommendations**

130. - establish in all Member States of the subregion National Coordinating Committees (NCC) whose principal function is to promote mechanical industries;

- undertake a thorough analysis of the situation of the mechanical sub-sector and assess the potential and constraints facing it with a view to identifying development axis that could be promoted.

### 2.2.4 Chemical Industries

131. The chemical industry is very diversified. Its activities relate either to the production of active elements or the preparation by mixing of composed products directly usable. It includes fertilizers, pesticides, pharmaceutical and basic chemicals. The subregion's priority focusses on the production of fertilizers and pharmaceuticals.

#### Fertilizers

132. A 1985 survey, carried out in collaboration with the Commonwealth Secretariat, UNIDO and ECA revealed that the subregion was well endowed with the raw materials needed for the manufacture of all three types of fertilizers: natural gas, phosphate rocks, potash and brine.

133. The survey also indicated that there were a certain number of fertilizer manufacturing plants in the subregion and there was a serious gap between supply and demand in all 3 types of fertilizers even in producing countries. Indeed total installed capacity is around 1,520,000 tons per year while total demand will be around 2,500,000 tons by the end of this century.

134. The following five projects have been selected for implementation based on the subsector's strategy which relies on inter-state specialization and complementarity in order to make it self-sufficient in all three fertilizers:

- triple super phosphate in Uganda;
- single super phosphate in Burundi;
- nitrogenous fertilizers in Rwanda;
- urea/ammonia in Tanzania;
- potash fertilizers in Ethiopia.

#### Pharmaceuticals

135. Pharmaceuticals production is found in most of the Member States. However, they do not produce active ingredients. Rather,they are involved in local formulation using imported intermediaries. Most of the drugs recommended by WHO and over the counter drugs are locally formulated, which tends to create certain duplication.

136. A serious problem hinders the trade of pharmaceutical products in the subregion due to the system of drug registration. A manufactured drug in one state of the subregion does not need to be registered anew in the importing state, if that drug has already been registered and approved in the home state in conformity with the WHO specifications and QA/GMP (Quality Assurance/Good Manufacturing Practice) standard.

# CHAPTER V

## PROPOSED STRATEGIC IMPLEMENTATION PLAN FOR SRPESA

### I. SUBDIVISION IN SUCCESSIVE PHASES

137. The proposed strategic implementation plan hereinafter described results from the orientations described in the previous chapter. It is articulated, as mentioned in paragraph 79, in three successive phases:

- Phase 1, from 1993 to 1995, called Emergency Phase;
- Phase 2, from 1996 to 1998, called Consolidation Phase;
- Phase 3, from 1999 to 2002, called Expansion Phase.

138. The first two phases, above all, aim at the restructuring of the sub-regional industrial sector through a programme of economic and institutional reforms and the rehabilitation of existing units.

139. Although each phase focuses on essential activities for achieving specific results, activities between those phases will overlap in practice. There would then be a rolling system whereby each phase will follow the previous one and will condition the following one.

140. Thus the Emergency Phase will comprise of three components:

- <u>a support component</u> aiming at
  - coordination and harmonization of policies and regulations;
  - institutional building;
  - human resources development.
- <u>a strengthening component</u> including
  - implementation of rehabilitation projects already studied such as the steel plants of Mauritius, Mozambique and Tanzania;
  - study of projects of the Consolidation Phase already identified.
- <u>an extension component</u> covering
  - studies of priority subsectors not yet explored.

141. The different components of Phases 2 and 3 will come partly from those included in Phase 1, but not yet completed, to which new activities already identified will be added.

142. The following Table 5 presents in more detail the above described plan:

| Phases | Components | Objectives | Areas/Results |
|---|---|---|---|
| 1. Emergency | 11. Support | 111. Coordination and harmonization of policies and negotiations | - Taxation<br>- Customs<br>- Banking<br>- Business Laws<br>- Labour<br>- Investments<br>- Transport/Communication |
| | | 112. Institution building | 1121. Strengthening of the Inter-Governmental Organizations (IGO)<br><br>1122. Establishment of Industrial Information and Technological Centres<br><br>1123. Establishment of Sub-regional Centre for Norms and Quality Control<br><br>1124. Organization of the Professions |
| | | 113. Human resources development | 1131. Promotion of industrial consultancy<br><br>1132. Evaluation of Industrial Training Needs<br><br>1133. Inventory of resources and potential of industrial training centres: personnel, materials and areas of cooperation<br><br>1134. Elaboration and Implementation of Training/Specialization Programme |
| | 12. Strengthening | 121. Execution of rehabilitation/restructuring/modernization projects already studied | 1211. Promotion of projects<br><br>1212. Implementation and exploitation |
| | | 122. Study of new identified units in need of consolidation | |
| | 13. Extension | 131. Study of unexplored priority sub-sectors | |
| 2. Consolidation | 21. Support | 211. Continuation of unachieved objectives 111, 112 and 113 | |
| | | 212. New objectives identified under Phase 1 | |
| | 22. Strengthening | 221. Execution of projects studied during Phase 1, 122 | |
| | | 222. Study of new identified rehabilitation/restructuring/modernization projects | |
| | 23. Extension | 231. Study of projects identified under 131 | |
| 3. Expansion | 31. Support | 311. Continuation of unidentified objectives under Phase 2 | |
| | | 312. New objectives identified under Phase 2 | |
| | 32. Strengthening | | |
| | 33. Extension | | |

143. SRPESA as of now shows that three core projects are under production which still require assistance in the form of rehabilitation and institutional support. Thirty-three others are under implementation but still not in operation and the remaining 12 are at the idea stage. Thus, for the bulk of the projects, even though some background works have been accomplished, the efforts and the support for their implementation have not been sufficient to override the major obstacles and enable them to reach the operational stage.

144. Those obstacles and constraints which seriously affected the performance of the industrial sector and its development are due mainly to the inadequacy of the environment, especially institutional and regulatory, in which the industrial units operate. This constraint is also the main justification for the subdivision of the strategic implementation plan into three successive phases where productive investment would increase exponentially once the different organizational and support activities initiated to improve of the socio-economic environment give results which in turn will increase effectiveness. The graph on page 25 shows how investments will increase once the improvement of the environment give results.

## II. STRATEGIC IMPLEMENTATION PLAN

### 2.1 Conditions for Implementation

145. To have a chance of success, the implementation of the second Decade programme has to take into account not only the weaknesses and the constraints identified in the implementation of the first Decade, but also the requirements resulting from the actual context of crisis and structural adjustment.

146. The major obstacles to the implementation of the first Decade relate to inappropriate selection methods and design of projects, lack of technical and financial resources, inexperience of the implementing agencies, insufficient co-ordination and lack of effective follow-up, little involvement of the private sector, and structural problems. However, most of those obstacles are expected to be removed since:

- most of the countries are implementing a structural adjustment programme, if not done already;
- a set of criteria have been developed and applied for the selection of projects. All projects have been classified in accordance with their implementation status;
- the sub-regional institutions - PTA, SADC and IOC and the individual countries have been strengthened;
- projects have been approved by the sub-regional institutions.

147. A review of SRPESA, the list of projects in particular, shows that a more rigorous selection of projects have been made when applying the new criteria. Projects that did not pass the test, that is projects that do not conform to the adopted criteria, were left out. Thus, from a list of 164 projects divided into 49 core projects and 115 support projects,in 1991 a new programme of 88 projects that includes 34 core projects and 54 support projects and distributed in two levels of priority were selected. Under Priority A, 43 projects have been identified (13 core projects and 30 support projects) and under Optional Projects B, 45 projects have been retained (21 core projects and 24 support projects). However, it is to be noted that some

projects classified under Priority A are still at the idea stage, like the Integrated Chlor-alkali and PVC plant in Zimbabwe and the Mbagala Street Glass Project in Tanzania. Even though those projects are sub-regional and have been identified since 1986, it may still be difficult to implement them in the Second Decade, because the necessary studies are not done yet. However, all the projects have gone through the screening process.

148. The sub-regional institutions had very little inputs in the programme of the first Decade. They were invited to follow up meetings but they were more concerned with the evaluation of the progress of the projects they were interested in or they were more concerned to add new ones to the list that their presence was not felt. Considering that those institutions work essentially on the basis of a mandate received from their hierarchy (Council of Ministers, Ministerial Committees), it is important that the functions that will be assigned to them in the second Decade be approved by their hierarchy, including the required budgets.

149. The regional and sub-regional development banks (ADB, PTA Bank) have to be engaged more in the industrial development process by allocating more resources. As a matter of clarification, only the promoters (the country having the leading role in the project) duly mandated by the other partners will have access to the funds, even for the studies. Therefore, the promoters should, very early, be mandated from the co-promoters in order to submit, as early as possible, the request for financing which will enable the start of the pre-investment studies or complete them.

150. Among the problems that are discerned from the actual crisis and the structural adjustment, it is particularly important to recognize the preconditions for the increased role of the private sector in the industrialization process, the dwindling of the traditional financial resources available for projects and a better definition of the roles and contribution of the main actors engaged in the sub-regional programme implementation. The private sector will accept to be seriously involved only if its interests are guaranteed. The scarcity of traditional financing resources will be compensated only if the existing resources are put in a better use and by looking for new financing resources.

151. In general, there is a need to identify the main actors of the programme implementation, their respective roles and the implementation, follow-up and evaluation modalities.

## 2.2 Role of Main Implementing Actors of the Programme

152. The implementation of the second Decade, unlike the first, should not necessarily be the responsibility of the governments. It should be the work of all parties concerned with industrialization and its support services, namely:

- the states and their structures;
- the sub-regional cooperating institutions such as PTA, SDACC and IOC;
- the private sector: investors, associations, professional boards and interest groups;
- the banking system: local banks, sub-regional development banks such as PTA Bank, regional banks such as ADB and ADF, bilateral and multilateral agencies, EDF, World Bank, etc.;

- The Organization of African Unity (OAU);
- the United Nations system and its specialized agencies;
- foreign investors and their associations;
- the education system: universities, engineering schools, technical and professional schools;
- research and development centres.

153. Each of these actors have to be associated with the programme implementation for the special role they have to play according to their competence. However, only the following main actors will be dealt with hereafter: the States, the IGOs, the private sector and UNIDO.

2.2.1 <u>Role of the States</u>

154. During the second Decade the main concern will be to redefine the role of the State in the industrialization process rather than a pull-out, for as long as the private sector will not be able to play the driving role, in the implementation and exploitation of industries, the State may have to temporarily assume this role while creating the necessary conditions for a dynamic and competent class of entrepreneurs to blossom.

155. The objective is to transform the State's relation with the enterprises, scaling down the intervention of the public sector in certain areas and directing itself in others, such as maintaining the general conditions for competition and certain services and utilities in support of the enterprises. The State efforts should be concentrated on:

- the definition of the global socio-economic objectives and macro-economic policies aiming at the reduction of the disequilibrium in the context of the structural adjustment programmes;

- the implementation of support programmes to the private sector or specific actions necessary for a good operation of the enterprises: legislation and regulation, professional training, infrastructure;

- modernization and adaptation of the administration such as customs, taxation and financial institutions, to the new context of dialogue and cooperation rather than centralization;

- the strengthening of the most efficient among the existing industries;

- the organization of regular and open dialogue with the professionals for joint establishment of the objectives, the distribution of tasks and the follow-up.

2.2.2 Role of IGOs (PTA, SADCC and IOC)

156. In this period of crisis and adjustment, everything has to be done for the IGOs to be able to contribute to the national recovery efforts by inducing the economic actors to take full advantage of the dialogue and the sub-regional integration, specially through:

- the coordination and harmonization of the policies and regulations in order to facilitate the movements of the production factors and the products;
- the collection, analysis and diffusion of data and commercial, industrial, technical information about the sub-region and Member States;
- the promotion of the use of the Clearing House and facilities of the PTA Bank;
- the elaboration of strategies and policies aiming at the economic stabilization and the restructuring necessary for achieving self-sustained growth in the sub-region;
- the identification, the support to the preparation and implementation of industrial opportunities;
- the initiation of sub-sectoral meetings and dialogues;
- the organization of industrial fairs.

2.2.3 Role of the Private Sector

157. In general, the local private sector played a modest role as much for its intrinsic weakness (lack of competence, little saving) as for an unadapted economic and institutional environment. However, the restructuring in progress is expected to lead to a healthier environment and to a more adequate support for the private sector enabling it to assume a driving role in industrial development. To this effect, they are responsible for the following functions:

- rapidly acquiring the technical skills in management and marketing;
- increasing the efficiency level for a more productive and competitive industrial sector;
- project design and study, financial packaging, the establishment and management of the enterprises;
- gathering and distribution of commercial and industrial information and opportunities;
- organization and regrouping of enterprises and joint ventures;
- purchase of enterprises approved up for privatization;

- organization of the professionals in associations and interest groups;

- participate actively in the dialogue and coordination of meetings with the States.

2.2.4 Role of UNIDO and the International Organizations

158. The international organizations and UNIDO in particular are requested to provide technical assistance in the following areas:

- regular updating of the sub-regional programme for industrial promotion;

- carrying out of the pre-investment studies, including the investment profiles of the selected projects, providing information on potential markets, size of units, raw materials, distribution services, technology, investment needed, manpower and training,likely production cost and final profitability of the project or programme;

- identification of fields and mode of cooperation between the States as between producers and research and development services, in the context of the implementation of the Decade programme;

- setting up and strengthening of sub-regional coordination committees for reviewing the updating of the sub-regional programme and monitoring its implementation;

- development of local competence in the following fields: strategic planning, industrial consultant services, project preparation, purchasing of supplies, support to local entrepreneurs and producers and creation of associations linked with core projects;

- organization of technical consultations, negotiations and meetings related to investment promotion in the specific sub-sectors. The organization of consultations and negotiations between the main actors would be desirable;

- support to the Member States and to sub-regional institutions for mobilizing technical assistance and investments for the industrial projects, keeping in mind that the main responsibility for the contacts with the financial institutions and the investment funds rest with the Member States;

- assist and facilitate the dialogue between the private sector and the public sector. As such,UNIDO will act as a catalyst and a mediator helping in the promotion of the private sector.

## III. MODALITIES OF IMPLEMENTATION

159. The main actors and their respective role once defined, the modalities of the implementation of the programme have to be specified. These concern the identification and formulation of projects, their execution and their funding.

### 3.1 Modalities of Identification and Formulation

160. If project and programme identification has to be initiated by all the actors, it is desirable to create, at the level of the sub-region, an industrial coordination and promotion committee for Eastern and Southern Africa, responsible for the coordination of the formulation and implementation of all sub-regional industrial programmes and for the submission of periodical reports to the decision bodies. This committee, which should be accessible, when needed, to all partners in the sub-region, shall include representatives of the governments, the private enterprises, the sub-regional banks and essential sub-sectors, such as energy and transport. The secretariat could be assigned to PTA.

161. The coordination committees will be assisted by specialized sub-sectoral strategic management committees such as animal feed committee, edible oil committee, grain milling committee, transport equipment committee, electrical machinery committee, pharmaceutical products committee, etc. These strategic management committees will be involved in the design, studies, execution and follow-up of all activities related to the sub-sector.

162. These functions will later on be performed by the Centre for Industrial Development, to be established according to the provisions of the Treaty Establishing the Eastern and Southern Africa Common Market. The objectives of the Centre shall be to:

- promote cooperation in industrial development among Member States;
- assist the Member States to establish or strengthen national industrial development insitutions;
- assist in the training and development of various catagories of industrial skills including management and marketing;
- organize and maintain a data bank for industrial information;
- assist in the development of common standards and quality control in accordance with the provisions of the Treaty;
- cooperate with the national industrial development institutions of Member States and with African regional institutions for industrial development.

163. In the execution of the above set objectives, the Centre shall:

- undertake industrial surveys, project identification and prefeasibility studies;

- provide advisory services for industrial development with particular reference to multinational enterprises;

- work closely with and exchange information with the trade and investment promotion centres in the Member States.

### 3.2 Modalities of Execution

164. Once the project is identified and studied up to the feasibility stage, the first step would be to identify potential promoters who would commit themselves to materialize the project. An intensive project promotion drive has to be made by the sub-regional organizations and banks in order to convene an assembly of future shareholders which will have to establish the main characteristics of the project, and the profile of the future company: type, registered capital, exemptions and privileges requested from the host country.

165. This assembly has to establish a project unit composed of operators, possibly the Secretariat of PTA and of one representative of the host country. The project unit, which shall be a light structure, will complete all the activities such as the drafting of the status, implementation studies and selection of site, until the convening of the constituent assembly of the company.

### 3.3 Modalities of Funding

166. The second Decade starts at a particularly difficult period for all the sub-regional economies of Africa: mounting debt, budgetary and balance of payments deficits, under-utilization of capacities, drop in household incomes, foreign capital scarcity, to mention a few of the problems. The primary financing comes from loans or grants of the bilateral investment institutions, loans from the World Bank, assistance from the IMF and costly commercial loans. This situation requires more rigour in the management of the financial resources of the sub-region in order to stop wastage, to better utilize the existing resources and particularly to create more attractive conditions for foreign capital.

167. The global financing needs of the second Decade could be grouped into the following categories:

1. Operations expenses for the meetings of the coordinating committees and the unit in charge of the Decade;
2. Studies and technical assistance expenses;
3. Rehabilitation funds for existing units;
4. Investment funds for new units;
5. Strengthening of existing infrastructures;
6. Investment funds for new infrastructures;
7. Improvement funds for institutional infrastructure.

168. The traditional fields of interventions of the different actors suggest the following distribution of the sources of funding:

| | |
|---|---|
| Category 1: | States and sub-regional institutions of cooperation which are invited to establish a financing mechanism independent of the national public treasury; |
| Category 2-4: | Private sector, states, bi-lateral and multi-lateral assistance, banks; |
| Category 5-6: | Bi-lateral and multi-lateral assistance, ADB, ADF, EDF, World Bank; |
| Category 7: | States, private sector and foreign aid. |

169. Intensive effort will have to be made to mobilize as much local as foreign resources. Locally, the expenses related to the execution of the programme of the Decade should be included in the budget of the States and the inter-governmental organizations (IGO). Private investment in the industrial sector has to be encouraged so that it becomes attractive in comparison to other sectors, trade in particular. Financial intermediation and other modern forms of mobilization of saving have to be developed. The net transfer of foreign capital, so necessary for the success of the programme, will not come to Africa if the economic, institutional and regulatory environment is not seriously straightened out.

## IV. COORDINATION

170. A close coordination is necessary at three levels: between na. nal and sub-regional programmes, between sub-regional and regional programmes and at the international level.

### 4.1 Coordination between National and Sub-regional Programmes

171. In addition to periodical meetings of organs of the sub-regional organizations, a close collaboration has to be established between the people in charge of the Decade at the national and sub-regional level. Furthermore, once the sub-regional programmes of the Decade have been approved by the decision makers, they become operational and have to be incorporated in the national development plans.

### 4.2 Coordination between Intergovernmental Organizations

172. With PTA including all the states of the SADCC and those of IOC except Reunion, a better coordination, and a distribution of tasks in certain areas is necessary among the three organizations.

173. The PTA, covering more territory, should be given the responsibility for the elaboration of plans and programmes as well as territorial planning. SADCC and IOC would be active in their respective territories until the complete economic integration of the sub-region is achieved. In this context and in order to implement the programme of the Decade, the proposed coordination committee should be at the PTA leve,l while including non-governmental representatives of SADCC and IOC.

## 4.3 Coordination and Follow-up at the International Level

174. As in the first Decade, the secretariats of OAU, ECA and of UNIDO should be in charge of the coordination and follow-up at the international level, organizing frequent meetings and distributing execution and progress reports. A mandatory evaluation at the end of each phase, for example, in the third and sixth year, would allow to make the adjustments needed in the next phase before the end of the programme, providing for a better chance for the success of IDDA II.

# CHAPTER VI

## DESCRIPTION OF THE EMERGENCY PHASE

175. As hereinbefore described under Chapter IV, Section I and indicated in Table 5, the Emergency Phase contains three components, each one aiming at specific objectives which are result-oriented. The support component refers to the following objectives:

- Coordination and Harmonization of Policies and Regulations;
- Institutions Building;
- Human Resources Development.

- Component 1 (Support)

- Objective 1: Coordination and Harmonization of Policies and Regulations

  Output: In certain fields, the disparities in the economic policies are too accentuated. This is the case with taxation, exchange rate, costs of factors, etc. The problems will be studied, despite their sensitive character, in order to pinpoint the areas where harmonization is possible.

  Activity: Synthesis of reforms now under way in the Member States, PTA, SADCC and IOC. An analysis of the situation will be undertaken and proposals made with the view to coordinating and harmonizing them in the fields of:

  - taxation
  - customs
  - banking
  - business laws
  - labour
  - investment
  - transports and communications.

- Objective 2: Institution Building

  The institution building proposed here refers to the intergovernmental organizations (IGOs), industrial information, standards and organization of professions.

- Output: Strengthening of the existing IGOs (PTA, SADCC, IOC) in implementing cooperation and integration schemes in Eastern and Southern Africa.

  Activity 1: Diagnosis of the IGOs

  An evaluation of the results in reference to the present objectives, especially in relation to the industrialization of the sub-region will be undertaken. The weaknesses will be identified and solutions will be proposed.

Output: Establishment of an industrial information and technological sub-regional centre in order to alleviate the lack of steady and updated information about the enterprises.

Activity 1: Assessment of Information Needs. A survey will be undertaken in the sector, including the government, the private sector, the associations and the chambers of industry, the banks, the universities, in order to evaluate their needs of information and related costs.

Activity 2: Undertake studies relating to the establishment of the Sub-regional Centre with National Networks.

Output: Establishment of a sub-regional centre for norms and quality control.

Activity 1: Evaluation of the Needs for Norms and Quality Control. This evaluation will be made from survey of products more actively traded or having such a potential inside the sub-region or outside, in order to facilitate the commercial and technological exchanges, and to establish norms of quality sufficiently demanding to encourage the producers to come closer to the norms required by international trade.

Activity 2: Undertake studies relating to the establishment of the sub-regional centre with the national outlets.

Output: Organization of the Professions.

Activity 1: Inventory of the most representative professions, diagnosis of their organization.

Activity 2: Proposals for strengthening the existing institutions and creation of new ones.

Objective of Human Resources Development

Output: Development of industrial consultancy.

Activity 1: Inventory of existing consulting and expert firms, evaluation of their training, specialization and equipment needs.

Activity 2: Organization of training/specialization seminars and granting of facilities or equipment.

The question of economic reforms and the more difficult problem of access to foreign exchange make local enterprises more prone to get into local or sub-regional contracting. In addition to the above mentioned activities, it would therefore be necessary to develop the capacity of the consulting firm, and to inform of the existing opportunities in this field or other ones. This could also constitute a supplementary advantage in attracting foreign investments.

Output: Industrial manpower planning.

Activity 1: Evaluation of industrial manpower needs.

Activity 2: Inventory of existing resources and existing training potential.

Activity 3: Elaboration of manpower training/specialization and adjustment programmes.

- Component 2 (Strengthening)

- Objective: Execution of Rehabilitation/Restructuring/Modernization Projects Already Studied.

The concern here is to increase, at the sub-regional level, the relations between existing units (for example, help to constitute a sub-regional industrial system which would allow to improve the competitiveness of the national industries). The low rate of installed capacity utilization (public or private) unequivocally suggests that the industrial integration is a must, first and foremost, by reactivating the existing units.

Output: Project investment promotion

Activity 1: Preparation of industrial project profiles and mass distribution to the operators, promotion services, banks and foreign investors.

Activity 2: Missions in all Member States of the sub-region to bring awareness of those projects to the Chambers of Commerce, operators and banks.

Activity 3: Convening an assembly of the potential investors to decide on the main characteristics of the projects and the actions to be taken before the constituent assembly.

Activity 4: Constituent assembly of the company.

Activity 5: Implementation of the project.

Activity 6: Start the identification of new consolidation projects.

- Component 3 (Expansion)

Output: Priority sub-sector unexplored, either because they represent main inputs to other sub-sectors, or they represent sub-sectors in which lack of production is felt the most, will be studied.

The Phase 2 (Consolidation) and Phase 3 (Expansion) are not described in this document because their content cannot be established as yet. This will mainly depend on the results of Phase 1 (Emergency) which objective is to create and strengthen the basis for a harmonious industrial cooperation in the sub-region. The results of Phase 1 will determine the volume of industrial investment that Eastern and Southern Africa will be able to musterin the successive phases.

# ANNEXES

1. **Member States of PTA, SADCC and IOC**

2. **List of Projects included in: CAMI.10/6/Vol.2**
   **ICE/1991/6/Vol.2**
   **Annex 2**

   **Priority projects (A)**
   **Optional projects (B)**

3. **References**

ANNEX 1

## MEMBER STATES of PTA, SADCC and IOC

| PTA Member States | SADC Member States | IOC Member States |
| --- | --- | --- |
| 1. Angola | 1. Angola | 1. Comoros |
| 2. Botswana | 2. Botswana | 2. France (Reunion French Overseas Department) |
| 3. Burundi | 3. Lesotho | 3. Madagascar |
| 4. Comoros | 4. Malawi | 4. Mauritius |
| 5. Djibouti | 5. Mozambique | 5. Seychelles |
| 6. Eritrea | 6. Namibia | |
| 7. Ethiopia | 7. Swaziland | |
| 8. Kenya | 8. Tanzania | |
| 9. Lesotho | 9. Zambia | |
| 10. Madagascar | 10. Zimbabwe | |
| 11. Malawi | | |
| 12. Mauritius | | |
| 13. Mozambique | | |
| 14. Namibia | | |
| 15. Rwanda | | |
| 16. Seychelles | | |
| 17. Somalia | | |
| 18. Sudan | | |
| 19. Swaziland | | |
| 20. Tanzania | | |
| 21. Uganda | | |
| 22. Zambia | | |
| 23. Zimbabwe | | |

LIST OF PROJECTS

FOR EASTERN AND SOUTHERN AFRICAN SUBREGION

| No. | Priority projects (A) | Countries | Date | Status | Sector |
|---|---|---|---|---|---|
| 1. | Manufacture of diesel engines for tractors, trucks lorries and buses | Zimbabwe | 1983 | B | Engineering |
| 2. | Manufacture of electric motors | Zambia | 1983 | B | " |
| 3. | Manufacture of electric transformers | Zambia | 1983 | B | " |
| 4. | Phosphate fertilizer plant | Uganda | 1983 | B | Chemical |
| 5. | Production of caustic soda | Kenya/India | 1983 | B | " |
| 6. | Integrated chlor-alkali and PVC plant | Zimbabwe | 1988 | C | " |
| 7. | Mbagala sheet glass project | Tanzania | 1988 | C | " |
| 8. | Cement blending and packaging plant (and extension of the the existing railway line) | Lesotho | 1988 | B | Building |
| 9. | Edible oil production | Lesotho | 1988 | B | Agro |
| 10. | Expansion of existing production of pumps for irrigation and rural water supply | Swa/Zim | 1991 | B | Engineering |
| 11. | Assistance to the African Regional Organisation for Standardization (ARSO) and the African Institute for Higher Technical Training Research (AIHTTR) | ARSO-AIHTTR/ ECA/OAU/UNIDO | 1983 | C | Institution building |

| | | | | | |
|---|---|---|---|---|---|
| 12. | Inventory of subregional training facilities | SADCC | 1983 | C | Direct support |
| 13. | Managerial and Technical personnel training | SADCC | 1983 | C | Direct training |
| 14. | Development of local entrepreneurship (Directory of small-scale industrial project profiles | ECA/UNIDO/OAU | 1983 | C | Direct support |
| 15. | Upgrading of Kenya Textile Training Institute (KTTI) into a subregional training centre | Kenya | 1988 | C | Institution building |
| 16. | Tanzania Institute of Leather Technology | Tanzania | 1988 | C | " |
| 17. | Consolidation of the Institute of Cement Technology | " | 1988 | C | " |
| 18. | Establishment of a pilot and demonstration physical manufacturing facilities at TEMDO | Tanzania | 1988 | C | Pilot |
| 19. | Programme for standardization, quality control and metrology in IOC countries | IOC | | | Institution building |
| 20. | Expansion of an existing marine resources training and research centre | IOC/SUBREGION | | C | " |
| 21. | Establishment of the Leather and Leather Products Institute (LLPI) | PTA/Ethiopia | | C | Agro |

| No. | Optional projects (B) | Countries | Date | Status | Sector |
|---|---|---|---|---|---|
| 32. | Establishment of wood processing complex | Mozambique | | B | Direct support |
| 33. | Support of SADCC Industry and Trade Co-operation Division | SADCC | | A | Insti.building |
| 34. | Standardization and quality control | SADCC | | A | " |
| 35. | Engineering Design and Product Development | SADCC | | A | Direct support |
| 36. | Establishment of Information Exchange Centre | SADCC | | A | Insti.building |
| 37. | Development small-medium scale industries (study/workshop) | SADCC | | B | Direct support |
| 38. | Research and Development (study) | SADCC | | A | " |
| 39. | Management and skills Development | SADCC | | B | Direct training |
| 40. | Study on the improvement of the investment climate | SADCC | | B | Direct support |
| 41. | A system of Direct Trade Measures including bilateral trade agreements | SADCC | | B | " |
| 42. | General System of Preference study | SADCC | | A | " |
| 43. | Trade Directory | SADCC | | B | " |
| 44. | Participation of SADCC firms in SADCC projects | SADCC | | B | " |
| 45. | Exchange of information and strengthening of co-ordination facilities | IOC | | B | Inst.building |

| No | Optional projects (B) | Countries | Date | Status | Sector |
|---|---|---|---|---|---|
| 1. | Upgrading and Diversification of Products from ZISCOSTEEL | Zimbabwe | 1983 | B | Metallurgical |
| 2. | Ethiopian potash | Ethiopia/Libya | 1983 | B | Chemical |
| 3. | Production of phosphate fertilizers | Burundi | | C | Chemical |
| 4. | Sheet-glass production unit | Madagascar | 1983 | B | " |
| 5. | Establishment of integrated iron and steel mill | " | 1988 | B | Metallurgical |
| 6. | Establishment of multinational sponge iron plants in PTA countries | Moz/Tan/Uga/Zam | 1988 | B | " |
| 7. | Manufacture of low-cost vehicles | Ethiopia | 1988 | C | Engineering |
| 8. | Establishment of salt refining and packaging plant | Somalia | 1988 | C | Chemical |
| 9. | Rehabilitation of urea fertilizer plant | Somalia | 1988 | B | " |
| 10. | Manufacture of carbon black | Kenya | 1988 | C | " |
| 11. | Rehabilitation of copper oxychloride plant | Zambia | 1988 | B | " |
| 12. | Rehabilitation of copper oxychloride plant | Zimbabwe | 1988 | B | " |
| 13 | Chrome tanning salts | Zimbabwe | 1988 | B | " |
| 14. | Production of cement in Indian Ocean Island countries | Madagascar/IOC | 1988 | B | Building |
| 15. | Establishment of a joint-venture for bicycles assembling | SWA/CMZ | 1991 | B | Engineering |
| 16. | Expansion of Lesotho Pharmaceuticals factory | Lesotho/PTA | 1991 | B | Chemical |
| 17. | Improvement of and Development of the cement industry | SADCC | 1983 | C | Instl.building |
| 18. | Upgrading of Ethiopian Management Institute into a subregional centre | Ethiopia | 1988 | C | " |
| 19. | Upgrading of Management Training and Advisory Centre (MTAC) into a subregional centre | Uganda | 1988 | C | " |
| 20. | Establishment of a cement institute at the Murgher cement plant | Ethiopia | 1988 | C | " |
| 21. | Upgrading the Mogadishu Industrial Vocational Training Centre (IVC) into a subregional centre | Somalia | 1988 | C | " |
| 22. | Production of spare parts production PTA countries | Ken/Tan/Zim | 1988 | C | Instl.building |
| 23. | Blankets manufacturing plant in Lesotho | | | | Agro |
| 24. | Manufacture of vaccine by Botswana vaccine | Botswana | | | " |
| 25. | Tannery Project | Botswana | | | " |
| 26. | Boral and Bandages | Botswana | | | " |
| 27. | Survey of raw materials for establishment of a refractory industry | | | | Building |
| 28. | Establishment of essential oils extraction units | | | | Chemical |
| 29. | Metal fabrication unit for the building industry | | | | Engineering |
| 30. | Feasibility study on expansion and development of machine tool production | | | | |
| 31. | Feasibility study on establishment of an automotive industry | | | | Engineering |

| | | | | |
|---|---|---|---|---|
| 35. | PTA capacity for long-term integrated industrial development programming | PTA | | |
| 36. | Promotion of industrial investment projects through investment fora | PTA | | |
| 37. | Rationalization and harmonization of investment codes | PTA | | |
| 38. | Establishment of teh PTA metallurgical Technology Centre (MTC) | PTA | | Metallurgical |
| 39. | Rationalization and upgrading of iron and steel plants/rolling mills | PTA | | Metallurgical |
| 40. | Railway rolling stock, list equipment, hidromechanic and metalo-mechanic products | Mozambique | A | Direct support |
| 41. | Rehabilitation of salt industries | " | B | " |
| 42. | Tannery | Djibouti | B | Direct support |
| 43. | Engineering design and tools centre | Ethiopia | A | Inst.building |

| No. | Priority projects (A) | Countries | Date | Status | Sector |
| --- | --- | --- | --- | --- | --- |
| 22. | Rehabilitation and rationalization of cement mills (second phase) | PTA | | C | Building |
| 23. | Initiation of a CAD/CAM demonstration network | " | | B | Engineering |
| 24. | Reassessment and updating of a feasibility study on the establishment of a copper products plant for the PTA Market | " | | | " |
| 25. | PTA programme for production of spare parts | PTA/ETH/MAW | | | ENG/02 |
| | " | MAU/SOM/TAN | | | |
| | | UGA/ZAM/ZIM | | | |
| 26. | Pilot unit for small scale industrial waste water treatment | PTA | | | Environment |
| 27. | Development of capabilities in industrial project identification formulation, appraisal, monitoring and evaluation | PTA/Zimbabwe | | C | Housing |
| 28. | Sugar industry training centre | PTA/Mauritius | | C | Agro |
| 29. | Training of trainers in testing and quality control in food processing | PTA/Mauritius | | C | " |
| 30. | Training and curriculum development of an integrated production Technology management system for the textile industry | PTA/Kenya | | C | Agro |
| 31. | Development of Human resources for the petroleum industry | PTA | | | Agro |
| 32. | Assistance to PTA member states in the promotion of standardization and quality control systems | LES/SWA/RWA | | | Housing |
| 33. | Subregional co-operation for small and medium scale industry promotion | SOM/DJI/COM | | | " |
| 34. | PTA industrial information system | PTA | | | " |

ANNEX 3

## REFERENCES

ECOSOC: A Programme for the Second Industrial Development Decade for Africa (1991-2000). Self-sustained Development through Industrialization. Volume I-II, 1992.

IOC: Plan d'action pour la cooperation régionale entre les îles de l'Oceon Indien (Indian Ocean Commission).

PTA: Report on "Towards an Integrated Industrial Development Programme for the PTA", 1990.

PTA: PTA Development Report. Review of the Progress Towards Regional Economic Integration in Eastern and Southern Africa, 1982-1992.

PTA: Report of the Nineteenth Meeting of the Intergovernmental Commission of Experts, 1993.

PTA: Treaty Establishing the Common Market for Eastern and Southern Africa, 1993.

PTA: Final Communique of the Twelfth Meeting of the Authority of the Preferential Trade Area for Eastern and Southern African States, 1993.

PTA: COMESA. A New Vision for Growth and Development, 1993

UNIDO: Revised Integrated Industrial Promotion Programme for the Eastern and Southern Africa Subregion, 1989.

UNIDO: Integrated Industrial Sector Programme for the Eastern and Southern Africa Subregion, 1991.

UNIDO: Revised Integrated Industrial Promotion Programme for the Eastern and Southern Africa Subregion: Proposals for the Subregional Programme for the Second IDDA. Background Documents No. 1 and 2, 1991.

UNIDO: Subregional Programme for West Africa for the Second IDDA, 1993.

UNIDO: Report on the First Subregional Follow-up Meeting on the Implementation of the Subregional Programme for the Second IDDA for West Africa, 1993.

UNIDO/ECA: Report of the Eleventh Meeting of the Conference of the African Ministers of Industry, 1993.

UNIDO/ECA: Report of the Meeting of the Intergovernmental Committee of Experts of the Whole on Industrialization in Africa, 1993.

UNIDO: *Implementation of the Subregional Programme for North Africa for the Second IDDA*. 1993.

UNIDO *Industry and Development*. Global Report 1992/93.

UNIDO *Country Briefing Notes. Eastern and Southern Africa*. 1993.

World Bank: *World Development Report*. 1993.