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Evaluation Workshop on the National Seminars
on Industrial Strategy within the Framework
of the Industrial Development Decade for Africa

Vienna, Austria, 23-26 March 1987

REPORT*

* This is a translation of a document which has not been formally edited.

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INTRODUCTION

1. Within the framework of the Industrial Development Decade for Africa (IDDA), UNIDO contributed in 1985 and 1986 to the holding of national seminars on industrial strategy in thirteen African countries: Benin, Burkina Faso, the Central African Republic, Côte d'Ivoire, Ethiopia, Madagascar, Mali, Mauritania, Niger, Rwanda, Sierra Leone, Uganda and Zaire.
2. In a concern to improve the content, organization, follow-up and effectiveness of such seminars, UNIDO decided to hold a meeting in Vienna, from 23 to 26 March 1987, of the national directors of the seminars that have already taken place, and to carry out, with them and with other agencies involved in the industrial development of Africa, an evaluation of the work and conclusions of past seminars. Representatives of countries which have already requested UNIDO's assistance to hold a national seminar were also brought in: Burundi, Equatorial Guinea, Liberia and Nigeria.
3. The purpose of the Vienna Workshop was two-fold:

To evaluate and to improve the conditions under which the national seminars were run, from the point of view of their organization, method, content and impact;

To draw conclusions regarding the analyses and recommendations on industrial strategies and policies which had resulted from the national seminars.
4. In order to prepare for the discussions at the Vienna Workshop, a background document was prepared by the UNIDO Secretariat and sent to all participants. It provided a summary of the conditions under which the national seminars had been held and the topics discussed. In addition, the national directors of the seminars were asked to complete an evaluation questionnaire.

I. PARTICIPATION

5. The Vienna Evaluation Workshop on the National Seminars on Industrial Strategy brought together representatives of the following countries: Benin, Burkina Faso, Burundi, the Central African Republic, Côte d'Ivoire, Equatorial Guinea, Ethiopia, Liberia, Madagascar, Niger, Nigeria, Sierra Leone, Uganda and Zaire. Mauritania, Mali and Rwanda were unable to participate. In general, the representatives were the national directors of the seminars and were either from the ministry responsible for industry or from the ministry of planning. The African Development Bank and members of the UNIDO Secretariat also participated in the discussions. The permanent missions of a number of Member States of UNIDO followed the discussions as observers. The list of participants is given in annex I.

II. OPENING OF THE WORKSHOP

6. The Workshop was opened by the Director-General of UNIDO, Mr. Domingo L. Siazon, Jr., who welcomed the participants and went on to stress the importance he attached to the evaluation of the national seminars and the industrialization strategies which had been recommended.
7. The Director-General then outlined the present context of economic development in Africa and the scale of the problems confronting that development. The situation, he added, underlined the critical importance of a re-evaluation of the strategies applied up to now. He recalled in that connection the contribution of the Lagos Plan and the proclamation of the Industrial Development Decade for Africa, which recognized the central role of industry in economic development in Africa.

8. Mr. Siazon went on to comment that the substitution strategies adopted by most African countries had gone as far as they could and that it was now time to formulate new industrialization strategies aimed at the establishment of an integrated and competitive industrial sector which would, in particular, support the agricultural sector. He highlighted the crucial role which Governments must play in promoting those new strategies and in establishing a favourable environment for investment, and stressed the contribution made by the national seminars in those areas.

9. Mr. Siazon then referred to the key role that UNIDO could play in the implementation of the new industrial strategies, particularly in the preparation of master plans for industrialization and subregional industrial co-operation programmes and in the promotion of industrial investment. He concluded by assuring the participants that UNIDO was fully committed to the cause of Africa and by wishing the deliberations of the Workshop every success.

10. Mr. Sebnat Hable-Selassie, Director of the Division of Industrial Institutions and Services and Head of the Industrial Planning Branch, then outlined the objectives of the Workshop, which should make it possible to evaluate the impact of the national seminars on the formulation of industrial strategies and policies and to strengthen collaboration between African countries and UNIDO in this area.

11. Mr. Hable-Selassie noted that an industrial strategy was a collective responsibility and that the national seminars had made it possible for all those concerned to take part in its formulation. He then referred to the recommendations of the seminars and stressed their usefulness for planners and decision-makers at national level. These recommendations had made it possible to revise national strategies in the light of the Lagos Plan of Action and the IDDA programme. The clarity and coherence of the national industrial strategy were important factors in mobilizing internal and external resources and, above all, in enabling each country to derive greater benefit from multilateral and bilateral assistance.

III. ORGANIZATION OF THE WORKSHOP

Election of officers

12. Mr. Nginu Gamela (Zaire) was elected Chairman, Mr. Fidelis Osemekhe (Nigeria) Vice-Chairman and Mr. Félix Rabemanambola (Madagascar) Rapporteur.

Agenda and organization of work

13. The agenda (annex II) was formally adopted by the Workshop, together with the programme for the deliberations. Mr. Frédéric Richard of the Industrial Planning Branch of UNIDO, who was responsible for the organization of the national seminars and of this evaluation workshop, indicated that each point on the agenda would be given a brief introduction by the Secretariat prepared on the basis of the report drawn up for the Workshop by Mr. Kemal Abdallah-Khodja, UNIDO consultant, who had participated in the running of several national seminars.

IV. CONSIDERATION OF AGENDA ITEMS

Presentation of the objectives and programme of IDDA

14. Mr. Ndam, Chief of the Co-ordinating Unit for IDDA, explained the reasons for the Industrial Development Decade for Africa, its objectives and the stakes at issue. He outlined the major features of the philosophy of IDDA, which was based on an appraisal of the realities of the African economy. He then referred to the broad guidelines of the Lagos Plan of Action and of IDDA and stressed in that connection the dynamic role of industrialization and the priority that

industrialization must accord to self-directed development and self-sufficiency in foodstuffs. Finally, he made some observations on the prospects for IDDA, and stressed the need to adopt more resolute approaches to the industrialization of Africa.

15. From the subsequent exchange of views among the participants, the following points emerged:

The importance attached by all to the definition of coherent industrial strategy and policies incorporating the objectives of IDDA;

The high degree of interest which countries accorded to the organization of a national seminar on industrial strategy organized with UNIDO's assistance;

The concern to identify, in concrete and realistic terms, the ways and means of ensuring implementation of national industrial strategies;

The important role which should be played by regional and subregional co-operation as an essential factor in accelerating industrialization and self-directed development.

Objectives, methodology and organization of the national seminars

16. Mr. Abdallah-Khodja presented an analysis of the replies from the directors of the national seminars to the UNIDO questionnaire which they had been asked to complete to evaluate the objectives, content, running, results and follow-up of those seminars. The answers indicated very clearly that they had been very useful, particularly in the definition or revision of industrial strategy, the identification of priority sectors and the formulation of guidelines and the basic framework for industrial planning.

17. The answers indicated that, among the subjects dealt with during the national seminars, those thought to be the most important were the choice of strategies, incentive policy, industrial promotion, rehabilitation, specific policies for small and medium enterprises and the promotion of national personnel in industry. It was indicated that these subjects had all been explored, but that it would be necessary to examine them in greater detail in the seminar follow-up. In some instances it was stated that certain subjects would have merited further examination during the seminars, such as subregional co-operation and industrial planning methods. In the great majority of cases, the organization of the seminars was thought to be suitable and satisfactory. One week was thought sufficient by all the countries except three, which thought it too short a period.

18. The suggestions and recommendations made by the national seminars were unanimously considered to be important, relevant, useful, precise, operational and realistic. In general, the national authorities had been informed of the results, often at the level either of the President's office or of the Council of Ministers. The results of the seminars had frequently been used by the authorities in defining industrial policy and/or in developing the part of the national development plan relating to industry.

19. The seminars had also been useful in the programming of UNDP/UNIDO assistance. In half of the cases, assistance was being or would be provided for the implementation of the recommendations of the seminars, particularly within the framework of the preparation of master plans for industrialization and in the formulation and implementation of policies and programmes for industrial promotion and rehabilitation.

20. During the discussion which followed this presentation, the participants from countries where national seminars had been held confirmed their complete satisfaction regarding the holding of the seminars, which had come at an opportune moment in their development. They recommended that UNIDO should assist other African countries in organizing such seminars, and first of all those countries which had already so requested. They considered that such seminars should continue to be priority items in the IDDA programme and that sufficient resources should be mobilized for organizing them.

21. The participants considered that the objectives set for the national seminars on industrial strategy were pertinent and covered the main aspects of the possible goals of such meetings. However, the following recommendations were made in order to assist the seminars in attaining their ends:

It was felt that the seminars should be more specifically assigned the objective of retrospectively analysing the industrialization process and the national policies which had led to the present situation;

It was also suggested that it should be specified with greater emphasis that one of the main objectives of the seminars should be to promote a framework for concerted planning between the main parties in the industrial development process, and in particular the State, industrialists and the banks;

Lastly, it was felt that the national seminars should be more clearly aimed at initiating or contributing to the preparation of a master plan for industrialization.

22. With regard to the methods of work used in the seminars, the participants noted that it was difficult to choose between the "debate" seminar and the "brainstorming" seminar, as each had advantages and disadvantages, and both methods had led to satisfactory results in different countries. It was therefore recommended that each country should be left to choose the most appropriate approach taking into account its specific situation. The participants also unanimously appreciated the usefulness and pertinence of the introductory reports prepared by UNIDO.

23. The participants indicated that, overall, the procedure and the arrangements adopted for the organization of the national seminars had been satisfactory. However, they made the following recommendations to improve the effectiveness of the seminars:

They stressed the importance of the choice of participants for the quality of the result. While it was recognized that choosing people was a complex matter, it was recommended that participants should be selected on an intuitu personae basis taking into account two basic criteria: firstly the post occupied and, secondly, the contribution and input that the person concerned would be able to offer. It was also noted that the choice of participants should facilitate the follow-up of the results of the seminar. Whatever the specific local conditions, it was recommended that the organizers should pay all the necessary attention and apply all the necessary authority to bring about a satisfactory solution of the question of the choice of participants. Finally, the practice of inviting participants from countries in the subregion, tried by one country, should be encouraged.

It was suggested that all the organizations concerned should be involved in a more systematic way during the preparatory phase.

The participants recommended that, unless it was financially impossible, the national seminar should be held outside the capital in order to ensure more sustained participation by the senior officials.

Basic issues

Selection of an industrial strategy

24. The participants stressed the imperative need for the African countries to have a clear and structured industrial strategy able to guide their activities in the field of industrialization. They emphasized that the national seminars had provided an opportunity for making a contribution to the development or updating of their industrial strategy. They recalled that such a strategy must be based on an objective analysis of the national conditions and potentialities and on the development options specific to each country.

25. The participants expressed satisfaction at the fact that, at a time when industrialization in Africa was going through a profound crisis, the seminars had reaffirmed that industry must provide the driving force for the economic development of each country.

26. They supported the general thrust of the strategies advocated by the national seminars which, inspired by the concepts of IDDA, envisaged the promotion of an industrialization process centred to a greater extent on national potential and needs, on the basis of the priorities specific to each country. They noted that industries which supported agricultural development had, in all the countries, been regarded as deserving priority attention in national strategies, and that an important place had been allotted to the processing of natural resources and the satisfaction of the basic needs of the population. An export strategy had been included among the priority areas by those countries which had already reached a significant level in their industrial development.

27. The participants noted that the establishment of an industrial strategy was only the first step towards promoting a consistent industrialization programme. They also drew attention to the following points:

It was essential that all the various State mechanisms should have the same understanding of the industrial strategy and that, in all areas of economic and intervention policy, they should have the same approach to the problems and decisions and an equal determination to support the industrialization process;

Rather than its establishment, it was the implementation of an industrial strategy that constituted the most difficult and decisive aspect. The elaboration of a master plan for industrialization was an appropriate and operational means of establishing investment priorities and all the accompanying measures;

The success of an industrial strategy required that all necessary attention should be paid to setting up a rigorous implementation framework, especially at the institutional level.

28. In addition, the participants made two recommendations that they considered important:

Greater account should be taken in the national strategies of the potential benefits of subregional co-operation in the industrialization of each country, and attempts should be made to reduce the obstacles observed in this area;

It would be desirable to include the export of manufactured goods as one component in the industrialization strategies. Without underestimating the difficulties and problems that must be resolved, the participants believed that that aspect was now vital, even if the domestic market in the short or

medium term continued to be the first-priority objective of industrial initiatives. The African countries should specifically demonstrate their willingness to co-operate at the subregional level in the area of trade in manufactured products.

The role of the State

29. As regards the role of the State, the participants stressed that the national seminars had had the great merit of helping to define the area and boundaries of State action in each country at a time when significant changes were taking place.

30. After noting that this matter was of major importance for industrialization strategy, the participants agreed that the role of the State varied from one country to another. The national seminars had demonstrated that each had its own approach to the matter. They observed, however, a perceptible movement in Africa towards basing national industrialization strategies more and more, if not entirely, on private initiative.

31. The contributions of the national seminars on this question prompted the participants to make the following comments:

The national seminars had not in every case made it quite clear what should be the area of intervention by the State when it intended to continue to act as investor, and such concepts as that of "strategic sector" had not been sufficiently explored;

The changes in the role of the State might prompt ideas for a fresh area of State intervention in the industrial sector, for example as a temporary investor to establish an industry until it could be taken over by the private sector;

The national seminars had not sufficiently explored the implications of the withdrawal of the State as investor in terms of a fresh definition of its responsibilities in the industrial sector, of the institutional organization and of the methods of operation that followed from it.

32. In the countries in which privatization of nationalized industries had been undertaken, the national seminars had not always adequately tackled the question and the problems that it posed, such as the methods of privatization or what happened to unprofitable enterprises. On the whole, the national seminars had not sufficiently clarified privatization strategy or the conditions of its implementation.

33. In general, the participants considered that, in Africa, the State could not withdraw completely from industrial development, and recommended that forthcoming seminars should go further in considering this question, on the basis of the fundamental options provided by the development policy of each country. They particularly noted the need to better define the scope of intervention of the State in the sectors which did not interest private initiative for reasons linked to the scale of the financial needs or to profitability but which were considered important for national economic development.

The industrial environment and its impact on investment and the efficiency of enterprises

Economic policies

34. The participants noted that the national seminars had rightly considered that economic policy was an important factor influencing investment and industrial

operations. They noted that this had led the seminars to discuss the impact and the coherence of tax and tariff policy and price and credit policy in the light of the strategies envisaged and the requirements of industrial development. Specific and relevant measures had in many cases been proposed in order to improve the industrial environment. However, they noted that the topics were highly technical and could not generally be discussed in a detailed and specific manner, in particular those related to fiscal policies.

35. The participants were particularly happy that the national seminars had developed a greater realization of the need for consistency and co-ordination in all policies which had an impact on industrial development. In that context, they noted that, in many countries, the economic regulatory policies and machinery (taxation, customs tariffs, availability of credit, prices, etc.) did not take sufficient account of the requirements of industry and were not sufficiently used as instruments to orient and support industrialization. Consequently, the participants recommended that a great deal of thought should be given in future national seminars to the relationships and implications of economic regulatory policies with regard to industrial development.

36. It became clear that the major instrument of economic policy in industrial matters in the majority of African countries was the investment code, which included most of the incentive measures. However, this constituted an ad hoc approach which was not, on its own, sufficient to trigger off investment, even if it facilitated the establishment of industries by making projects profitable, or even, in some instances, over-profitable.

37. Many recommendations had been made in each country for improving the effectiveness of one or other aspect of the codes which was thought to be inadequate. It was to be noted in particular that the national seminars had frequently brought to light the absence of appropriate provisions for encouraging small and medium-sized enterprises, and made recommendations in that regard. They had also frequently proposed improvements in the capacity of the code to give more stimulation to investment in priority branches or underdeveloped regions. Finally, it had sometimes been recommended that provision should be made for the incentives gradually to decrease, in order to ensure a smooth transition to a situation in which ordinary law would apply. The participants noted that few countries had undertaken an evaluation of the impact of their investment codes, and considered that the national seminars should take up that aspect in future.

38. Another important instrument of economic policy for industry was the protection of internal markets, in particular through customs tariffs and the regulation of external trade. The participants noted that the seminars had clearly brought out the incoherencies or excesses that could be observed in that regard, and stressed that the final objective was to enable national industries to improve their efficiency and their competitiveness and at the same time ensure an optimum allocation of resources. They underlined that protection was a means to be considered in a dynamic and time-bound perspective and that enterprises should use this period of protection to improve their efficiency. They pointed out that these instruments should further the strategy and not contradict it.

Infrastructure, utilities and supporting systems

39. The participants noted that the national seminars had placed considerable stress on the constraints that weaknesses in infrastructure and supporting economic systems (transportation, commercial structures, services, etc.) introduced in industrial development, in view of their inadequacy, poor condition or cost. Thus many important recommendations were made in regard to energy, development of industrial estates and utilities, with a view to facilitating industrial activities

and investment. Others related to the strengthening of transport and distribution systems and the expansion of the service activities necessary to support industrial development.

40. The participants, assessing the requirements of industrial development in terms of infrastructures and supporting economic systems, noted the scale of the action required in comparison with the resources, and in particular the financial resources, of the African countries. Conscious of those constraints, they recommended that the availability and cost of infrastructures, utilities, transport systems, commercial structures and services should be taken into account when industrial strategies were defined. At the same time, the programmes for development of priority branches must define the measures to be taken in regard to infrastructures and supporting economic systems in order to create the necessary conditions for the development of those branches. It was imperative that industrialization policies should cohere with the policies of support sectors (energy, transport, equipment, etc.). The participants recommended that the forthcoming national seminars should consider the incentive measures necessary to expand recourse to national small and medium-sized enterprises in the fields of construction, transport and the services required by industry.

Industrial promotion

41. The participants noted that the national seminars had devoted great attention to evaluation and recommendations concerning the promotion institutions as major support structures for industrialization. They observed that the majority of the seminars had given primary consideration to the promotion of small and medium-sized enterprises in view of the priority that that type of project was recognized to deserve. The participants recommended that the system of promotion should cover the entire range of industrial projects, as was already the case in some countries. They underlined, however, the need to adapt promotion mechanisms to the specific needs of the different categories of promoters. That approach was all the more important in the present context as the State was taking fewer investment initiatives, particularly with regard to large-scale projects.

42. The participants noted that nearly all the national seminars had observed that promotion institutions had been largely unsuccessful. They noted that the resources made available to such institutions were not always adapted to the goals set for them.

43. The participants noted that the organization of the industrial promotion system was currently in a state of flux, that a process of rethinking was taking place and that new solutions were being developed in many African countries. They supported the recommendations made by some national seminars concerning:

The need to find organizational solutions distinguishing the promotion tasks which fell within the role of the State (to provide information, to facilitate administrative procedures, etc.) from those services which should by their nature be made available on a commercial basis (preparation of pre-investment studies, advice on management, etc.);

Recognition of the need to prepare good pre-investment studies and to choose organizational solutions which offered the best guarantees from that point of view. Particular attention should be paid to the implementation of adequate financial solutions (financing on soft terms, State assistance, etc.);

Autonomy for the promotion institutions and close contact between them and the professional organizations, such as chambers of industry;

The imperative need to give the instruments of promotion the necessary capacity, and in particular the financial resources, to perform the role assigned to them, whatever the organizational solutions adopted by each country.

Industrial financing

44. The participants noted that the national seminars had considered the five major aspects of industrial financing:

The inadequacy of accumulation capacity of enterprises and personal equity of promoters;

The tendency of the banking system to focus the provision of credit on non-industrial sectors;

The claims of industrial operators anxious to obtain better credit terms as regards the security required, the term of the loan and the interest rates;

The reluctance of the banks to assist small and medium sized enterprises in view of the financing problems involved;

The inadequacies of the financing support machinery (guarantee funds, participation funds, etc.) and the institutions behind it.

45. The recommendations offered on these aspects had mostly taken the form of general guidance, such as encouraging savings and a greater involvement of the banks, or else of specific suggestions that were useful but of limited scope.

46. The participants noted that the national seminars had apparently not been made fully aware of the fact that the industrial financing system was at present at a dead end, since the great majority of the development banks were undergoing very serious difficulties and the guarantee and investment funds had not been replenished or had collapsed.

47. This observation and those made during the national seminars pointed to the existence of a genuine problem of adapting the financing system to the realities of investment and industrial operation in the African countries and called for fresh and more efficient machinery to be devised, on the basis of an evaluation of the existing system.

48. The participants emphasized that no significant resumption of the industrialization process could take place until solutions had been found and a coherent system of industrial financing meeting the needs and constraints of industrial investment in Africa had been established. They recommended that the forthcoming national seminars should apply themselves more broadly to the industrial financing problem and should make the authorities more aware of the size of the problem.

Technology and training

49. The participants noted that there had been widespread concern at the national seminars regarding problems of industrial training, the main features of which were the inability of training to meet needs and the inadequacy of existing training structures. From country to country, relevant recommendations had been formulated in order to ensure greater support for industrial activities in connection with the acquisition of the necessary technical skills. The national seminars had sometimes given prominence to recommendations on improving the skills of the labour force and managerial staff, emphasizing the importance of this factor in ensuring the access of nationals to technical and management posts.

50. Noting the absence in virtually all countries of an overall training policy for industry, the participants welcomed the fact that the national seminars had expressed the wish that a policy and plan should be implemented in connection with human resources in order to organize the assessment and satisfactory meeting of industrial training needs.

51. As regards technology, the participants noted that this question had been treated in an uneven and heterogeneous fashion depending on the country concerned. The recommendations of the national seminars related to technology transfer and/or to selection and adaptation to local conditions and/or to technological accumulation and research. Relevant recommendations had been made on all these aspects with a view to achieving greater control in this field so as to meet the needs of a more effective industrialization more suited to the African countries.

52. The participants noted that, in the field of technology, the national seminars had also stressed the absence of overall policies tackling all aspects of the problem in an organized and co-ordinated fashion, and they recommended that future national seminars should define the ways and means best suited to ensuring implementation of a global technology policy to support industrial development.

53. In addition to the suggestions that had been made by the national seminars, the participants recommended in connection with technology:

That the universities and other research institutions should be more closely associated with implementing technological programmes;

That enterprises should be given greater encouragement to undertake research and development programmes through the application of appropriate measures, in particular regarding financing;

That there should be greater international co-operation, and in particular joint research projects involving several African countries.

Structural policies

The public industrial sector

54. With regard to the place, size and criteria for defining the limits of the public industrial sector, the participants noted that these elements depended on the role that each country assigned to the State and that the situations varied greatly from case to case. In general, the participants emphasized that, whatever the options of the countries concerned, there were many arguments in favour of the existence of a public industrial sector.

55. The participants noted that in the majority of countries the operational difficulties of the public sector, coupled with new views regarding the role of the State, had led to the initiation of policies of State disengagement in various forms. Thus, structural changes were currently taking place in a number of African countries under the influence of those new policies. The participants pointed out that the national seminars had failed to devote sufficient attention to those developments and their consequences, and recommended that, in future, the national seminars should pay particular attention to this question.

56. However, the participants expressed satisfaction at the recommendations that had been made by the national seminars for improving the operating conditions and efficiency of public industrial enterprises, specifically with respect to the upgrading of the calibre of executive officers, senior staff and workers and the improvement of management tools.

57. Some national seminars had given attention to the institutional conditions for the rehabilitation of the public industrial sector. In this area, the proper division of responsibilities between enterprise management and the State had not always been properly understood. The participants recommended that the forthcoming national seminars should examine this question and endeavour to suggest solutions which, on the one hand, would safeguard the managerial autonomy of the enterprises and, on the other, would lead to the establishment of appropriate monitoring and evaluation systems.

Small-scale and medium-scale industries

58. The participants noted that small-scale and medium-scale industry had often been one of the main subjects considered by the national seminars. The participants welcomed the special place given to this type of enterprise in the strategies proposed, in particular because of the impact that this approach would have in regard to the simultaneous promotion of a broad range of industrial activities and of national industrialists.

59. The participants noted the various recommendations made by the national seminars to facilitate the emergence of small and medium sized enterprises, inter alia:

In the area of investment codes, where specific and more substantial advantages for small-scale and medium-scale industries were frequently recommended;

In the area of promotion structures, measures to reinforce or reform these structures being proposed in order to make them more relevant to the specific requirements of small and medium-sized enterprises;

In the area of financing structures, with a view to encouraging the development of financial mechanisms adapted to the problems of small and medium-sized enterprises, particularly with regard to contributions to capital, guarantees, credit conditions, etc.;

In the area of assistance in management, for which various organizational solutions had been proposed.

60. The participants stressed, however, that the national seminars had not sufficiently brought out the gap discernible between the ambitious objectives formulated in regard to small and medium-sized enterprises and the generally very inadequate resources made available to promotion institutions.

61. In the light of the conclusions reached or guidelines given by some of the national seminars, the participants recommended:

That more attention should be paid to conditions permitting the services offered to small and medium-sized enterprises by promotion institutions to be made more effective;

That special attention should be paid to bringing financial resources into line with the functions assigned to institutions for promoting or supporting small and medium-sized enterprises;

That, in the restructuring of institutions for promoting and supporting small and medium-sized enterprises, the closest possible contact should be maintained with the professional organizations concerned.

Industrial rehabilitation/restructuring

62. The participants mentioned that the industrial capital and the operating resources of enterprises had, virtually all over Africa, deteriorated to such an extent that action to rehabilitate these enterprises was imperative, taking into consideration not only the internal aspects (technical, commercial, financial and organizational), but also their environment.

63. The participants noted that the national seminars had extensively examined the question of rehabilitation of existing enterprises and that they had helped to make the authorities aware of an active policy in that area.

64. The seminars had, in particular, produced general policy recommendations stressing the usefulness of rehabilitation measures as a first step in industrial strategy. Some national seminars had made specific recommendations or suggested forms of intervention at enterprise level. Some others had gone further and considered action combining the main actors (State, industrialists and sources of finance) to promote and implement the rehabilitation, above all with regard to the financial measures to be adopted to make rehabilitation successful.

65. The participants drew attention to the following points regarding rehabilitation:

In some countries, rehabilitation concerned merely a single enterprise, but sometimes an entire branch was involved. The action to be taken in that case, which was more akin to actual restructuring, consequently required more systematic and more organized measures both downstream and upstream of the branch and with reference to its entire environment;

Rehabilitation required detailed technical and financial studies, the importance of which should not be underestimated;

The aim of rehabilitation was to establish new conditions of viability for the enterprise. It should therefore not be based on the same foundations which had led to the deterioration.

Development of specific sectors and branches

66. The participants noted that the national seminars had made it possible to refine approaches to industrial development. Previous approaches had tended to be focused on the promotion of specific projects. It was now a question of seeing industrialization with reference to a complete branch or sector and defining measures to create a favourable environment for the development of the sector or branch.

67. The participants noted that, thanks to the scope for reflection in the national seminars, it had appeared necessary to supplement the formulation of the industrial strategy by the elaboration of a master plan for industrialization to serve as the instrument for putting the priorities and guidelines formulated in the strategy into practice in detailed, operational and coherent terms. The master plan for industrialization included programmes for action to organize and develop/restructure priority branches/sectors and their environment, a set of policies and support and incentive measures, and plans of action for the institutions involved (promotion, technology and training, rehabilitation, financing, etc.).

68. The participants strongly encouraged this approach to industrial development, particularly with regard to the organization and development of the priority branches and sectors, and confirmed the need to supplement the industrial strategy by the formulation of industrial master plans.

69. In the light of the strategies set out in the national seminars, and in the participants' opinion, the branches connected with agriculture and those leading to an increase in manufactured product exports, in particular in the subregion, ought to be the subject of priority studies to be undertaken within the framework of the industrial master plans.

The industrial planning and monitoring system

70. The participants noted that the national seminars had all discussed the industrial planning and monitoring system and recommended its strengthening, particularly as regards its organization, tasks and resources.

71. The national seminars had, however, not always recognized that the functions of government departments concerned with industry, which used to focus on the identification and promotion of individual projects, should evolve in the direction of global approaches oriented towards action concerned with organizing and developing/restructuring branches and sectors, and the development of a coherent set of industrial policies, as well as the strengthening of capacity for stimulation, in line with the new role that countries were assigning to the State and to the private sector.

72. In that change of approach, the government departments concerned with industry, particularly if they were responsible for the preparation and implementation of a master plan for industrialization, should establish, on the one hand, information systems to monitor and evaluate the evolution of structures and performance in the industrial sector and the impact of incentive policies and support programmes, and, on the other hand, methodologies for the preparation and utilization of strategy studies, particularly for priority branches and sectors. They would also have to assume broader co-ordination tasks and endeavour to ensure the functioning of the structures or mechanisms for relations with, firstly, the business community, financial institutions and other actors involved in the development of priority branches/sectors, secondly the supporting systems (promotion, training, etc.) and, finally, the other administrative departments responsible for policies which had an impact on industrial development.

73. These new approaches to the functions of the departments responsible for industry required significant improvements in the skills of their personnel, and adequate arrangements should be made to permit these.

Follow-up of national seminars

74. The participants noted that the national seminars had had a considerable impact with regard to guidelines for strategy and policies for industrial development, the elaboration of industrial plans and the decisions taken by the authorities with regard to regulatory provisions and institutional organization in support of the industrial sector. Conscious of the need to strengthen the follow-up and impact of the national seminars, the participants recommended that arrangements should be made nationally to ensure proper continuity between, on the one hand, the work of the seminars and, on the other hand, the adoption and implementation of the recommendations by the authorities involved.

75. The participants noted that, in certain countries, the national seminars had also had an impact on UNDP/UNIDO technical assistance, both as regards the programming of the fourth UNDP cycle and as regards the adoption of new assistance projects concerned in particular with industrial master plans, industrial promotion institutions and the implementation of rehabilitation policies. The participants strongly recommended a favourable response to requests generated directly by the recommendations of the national seminars once they had been approved by the authorities.

76. Finally, the participants expressed the desire that UNIDO should provide assistance for a national process of evaluation of the impact and follow-up of the national seminars in countries requesting such assistance.

UNIDO technical assistance

77. Mr. Nivaran N. Tandon, Director, Area Programmes Division, made a detailed presentation of the UNIDO technical assistance programmes, beginning by indicating that UNIDO attached very special importance to industrial development in Africa. He then reiterated the external and internal constraints in that area and stressed the importance for Governments of defining strategies, policies and plans for industry to support the industrial sector and to improve its environment.

78. Mr. Tandon then specified the strategic areas for action which would make it possible to improve the contribution and situation of African industry, namely strengthening of the links between agriculture and industry, rehabilitation and restructuring of existing units and improvement of their productivity, strengthening of the capacity for preparing pre-investment studies, promotion of small-scale and medium-scale industry, human resources training, transfer and dissemination of technologies and subregional and regional industrial integration and co-operation.

79. Mr. Tandon then indicated the sources of financing for UNIDO technical assistance programmes, beginning by pointing out that, in the United Nations system, Governments had final authority in defining priorities and the areas in which they wished to receive assistance. He then indicated that about 70 per cent of the assistance provided by UNIDO was financed by UNDP sources within the framework of country programmes. Other sources of financing were available, such as the Special Industrial Services programme, to cope with specific and urgent requests, the UNIDO regular technical co-operation budget, which primarily financed training programmes and programmes for co-operation between developing countries, and the Industrial Development Fund, which was financed by the UNIDO Member States.

80. Finally, Mr. Tandon emphasized the importance that UNIDO attached to the development of economic and technical co-operation among developing countries. In this connection he mentioned the success of the Afro-Asian meeting that UNIDO had organized in November 1986 within the framework of IDDA, in which a large number of public and private enterprises from countries of Africa and Asia had participated. That meeting had produced co-operation agreements in the area of industrial investment.

81. Mr. Anatoli A. Vassiliev, Deputy Director-General, Department of Industrial Operations, then took the floor. He began by mentioning that the technological innovations introduced in the developed countries to automate production systems and to produce artificial raw materials were leading, on the one hand, to a reduction in the competitiveness of industries in developing countries by cutting down their advantage in terms of low manpower costs and, on the other hand, to a reduction in developing countries' raw materials export markets.

82. Mr. Vassiliev stressed that this new situation meant that the developing countries should adopt appropriate and innovative programmes to enhance the competitiveness of their industries. In this area, he quoted the example of Cuba which, faced with the problems of the world sugar market, had drawn up with UNIDO assistance, a programme for the utilization of sugar-cane by-products which, by contributing to the manufacture of a diversified range of products (paper, antibiotics, proteins, alcohol, plastics, etc.), had enabled the Cuban sugar industry to be economically profitable. Mr. Vassiliev then gave the example of small hydroelectric dams, which could reduce the cost of energy for industries in African countries which were highly dependent on petroleum imports, whereas a mere 5 per cent of their considerable hydroelectric resources were currently being used.

83. Mr. Vassiliev finally underlined the importance of a systematic approach for the technical and economic preparation and evaluation of industrial investment projects, be they new projects or rehabilitation projects. In this connection, he recommended the use of the COMFAR system which had been prepared by UNIDO and which was being increasingly used and appreciated in developing countries.

84. Mr. Fernando S. Souto, Deputy Director-General, Department for Industrial Promotion, Consultations and Technology, then took the floor, indicating that developing countries should already plan the development of their technological capacities to make them operational by the year 2000. He then emphasized that the first stage was to strengthen the technological base, with its four aspects: firstly, industrial property; secondly, metrology, standardization and quality control; thirdly, research and development; fourthly, technological information. These four types of activities constituted the basic infrastructure which developing countries should establish in order to ensure the coherent and effective transfer, adaptation and development of the technologies needed for their industrial development and the utilization of their resources.

85. After giving a detailed explanation of the content of each component of this technological base, Mr. Souto then indicated that UNIDO had accumulated the expertise and experience necessary to assist African countries in establishing or strengthening them, again stressing that the effectiveness of assistance programmes and projects depended above all on close co-operation between Governments and UNIDO at the formulation stage.

86. In their comments on the presentations by the UNIDO Secretariat, the participants stressed the importance they attached to UNIDO technical assistance services in formulating and implementing their strategies and industrial development programmes. In particular, they recommended that, in those countries which did not as yet benefit from the presence of a SIDFA or a JPO, UNIDO should regularly provide detailed information on all the assistance programmes from which they might benefit.

87. The participants stressed that success in the implementation of projects largely depended on the quality of expertise provided. In order to avoid the inherent risks involved in the selection of candidates solely on the basis of their curriculum vitae, they recommended that, for large-scale and complex projects such as the preparation of industrial master plans, international experts should be chosen on the basis of discussions between the representatives of the Government and UNIDO and on the basis of their performance in other projects on which they had worked. They also recommended that priority should be given to using national expertise when available.

88. It was also stressed that technical assistance to the industrial sector was financed not only by UNDP and UNIDO but also by other bilateral and multilateral organizations. In view of the expertise accumulated by UNIDO in the industrialization of developing countries, the participants recommended that Governments should consider making UNIDO, whenever feasible, the executing agency for this technical assistance.

89. The participants, aware of the fact that the mastering of technology was an important challenge for the African countries, requested UNIDO to provide substantial, priority assistance for the organization of information systems with regard to existing technologies and their acquisition and adaptation.

V. ADOPTION OF THE REPORT

90. At the final meeting, the participants adopted the report setting out the conclusions and recommendations of the Working Group and authorized the UNIDO Secretariat to draft it in final form incorporating the amendments made.

VI. CLOSURE OF THE WORKSHOP

91. The closing address was given by Mr. Sebhat Hable-Selassie, Director of the Industrial Institutions and Services Division and Chief of the Industrial Planning Branch, who congratulated the participants on the excellence of the conclusions and recommendations of the Evaluation Workshop on the National Seminars on Industrial Strategy.

92. He indicated that this Evaluation Workshop had clearly demonstrated the usefulness of the national seminars on industrial strategy which had, in particular, made it possible, firstly, to strengthen the dialogue between all the partners concerned in industrial development and, secondly, to provide the national authorities with a coherent set of recommendations regarding industrial strategy and policies.

93. Mr. Hable-Selassie then stressed the importance for the African countries of possessing a precise and operational industrial strategy, particularly within the framework of their contacts with funding agencies. He indicated that UNIDO would continue to assist African Governments that so wished in formulating and implementing their industrial strategies, particularly by means of assistance in the organization of national seminars and the preparation and implementation of industrial master plans, as recommended by the Workshop.

94. He noted the attention given by the participants to the follow-up and implementation of the conclusions and recommendations of the national seminars and assured them that UNIDO was ready to assist Governments that so desired in that regard. Finally, he thanked the participants for their contributions and declared the Workshop closed.

ANNEX I

List of participants

- Benin: Mr. Emmanuel AMOUSSOU,
Acting Director for the State Plan,
Ministry of Planning and Statistics
- Burkina Faso: Mr. Urbain SOMDA,
Director for Industrial Development,
Ministry of Economic Promotion
- Burundi: Mr. Cyrille NDENGEYINGOMA,
Director for Industry
- Central African Republic: Mr. Ferdinand MAYOVODE,
Chef de cabinet, Secretariat of State for Planning,
Secretariat of State for Planning, Statistics and Economic and
Financial Co-operation
- Côte d'Ivoire: Mr. Paul ASSAMOI,
Director for Industrial Orientation,
Ministry of Industry
- Equatorial Guinea: Mr. Fernando ENGONGA OBAMA,
Delegate of the Ministry of Industry and Commerce
- Ethiopia: Mr. Abera TESFAYE,
Acting Head,
Division for Political Studies and Research,
Ministry of Industry
- Liberia: Mr. James K. SUMBO,
Head, Industrial Planning,
Ministry of Planning and Economic Affairs
- Mr. Joern KOCH,
Adviser to the Ministry of Planning and Economic Affairs
- Madagascar: Mr. Félix RABEMANAMBOLA,
Head, Industrial Planning Department,
Directorate-General for the Plan
- Niger: Mr. Ibrahima FOUKORI,
Director for Industry and Crafts,
Ministry of Commerce, Industry and Transport
- Nigeria: Mr. Fidelis J. OSEMEKEH,
Deputy Secretary,
Federal Ministry of Industry
- Sierra Leone: Mr. Joliffe A. M. KING,
Director for Industry,
Ministry of Trade and Industry
- Uganda: Mr. Timon LANGOYA,
Commissioner for Industry,
Ministry of Industry and Technology

Zaire: Mr. Nginu GAMELA,
Principal Adviser to the Department of the National Economy
and Industry

African Development Bank

Mr. Bachir HADJADJ
Head of Division

UNIDO Secretariat

Mr. Sebhat HABLE-SELASSIE	Director, Industrial Institutions and Services Division, and Head, Industrial Planning Branch
Mr. Shadrak NDAM	Chief, Co-ordination Unit for the Industrial Development Decade for Africa
Mr. Djamal GHOZALI	Senior Industrial Development Field Adviser (Benin, Burkina Faso, Côte d'Ivoire, Niger, Togo)
Mr. Frédéric RICHARD	Industrial Development Officer, Industrial Planning Branch
Mrs. Brigitte KUBELKA	Conference Clerk, Conference Services
Mrs. Liliane MAURANNE	Secretary (Engineering Industries Branch)
Mrs. Muriel MRABIT	Secretary (Co-ordination Unit for IDDA)
Mrs. Eva Maria TOEPFER	Secretary (Industrial Planning Branch)

UNIDO Consultant

Mr. Kémal ABDALLAH-KHODJA

ANNEX 2

Agenda

Monday, 23 March 1987

- 10 a.m. Opening of the Workshop by Mr. D. Siazon, Jr.,
Director-General of UNIDO
- 10.30-11.30 a.m. Presentation of the Workshop by the Secretariat
Organization of the Workshop:
Election of officers
Adoption of the agenda
Organization of work
- 11.30 a.m.-12.30 p.m. Presentation of the objectives and programme of IDDA
- 12.30-2 p.m. Lunch
- 2-5.30 p.m. Objectives, methodology and organization of the national
seminars on industrial strategy

Tuesday, 24 March 1987

- 9 a.m.-12.30 p.m. Basic issues:
Selection of an industrial strategy
Role of the State
- 12.30-2 p.m. Lunch
- 2-5.30 p.m. Industrial environment and its impact on investment and the
efficiency of enterprises:
Economic policies (taxes, prices, tariffs, credit, ...)
Infrastructure, utilities and supporting systems
(transportation, distribution, ...)
- 6-9 p.m. Industrial promotion
Industrial financing
Technology acquisition and development
Industrial training

Wednesday, 25 March 1987

- 9 a.m.-12.30 p.m. Structural policies:
The industrial public sector
Small-scale and medium-scale industries
Industrial rehabilitation/restructuring
Development of specific sectors/branches
- 12.30-2 p.m. Lunch
- 2-3.30 p.m. Industrial planning and monitoring system
- 4-5.30 p.m. Areas for application of UNIDO technical assistance
- 6-8 p.m. Drafting Committee: preparation of the conclusions and
recommendations of the Workshop

Thursday, 26 March 1987

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| 1.30-2.30 p.m. | Adoption of the conclusions and recommendations of the Workshop |
| 2.30-3 p.m. | Closing ceremony |