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Follow-up Subregional Meeting on the Promotion
of Intra-African Industrial Co-operation within the Framework
of the Industrial Development Decade for Africa*

Harare, Zimbabwe, 31 October - 4 November 1988

REPORT**

* Organized by UNIDO, in co-operation with the Secretariat of the Preferential Trade Area for Eastern and Southern African States (PTA), the Southern African Development Co-ordination Conference (SADCC) and the Government of Zimbabwe.

** This document has not been edited.

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INTRODUCTION

1. The follow-up meeting on the promotion of intra-African industrial co-operation in the Eastern and Southern African subregion within the framework of the Industrial Development Decade for Africa (IDDA) was held at Harare (Zimbabwe), from 31 October to 4 November 1988. The meeting was organized by the United Nations Industrial Development Organization (UNIDO), in co-operation with the Secretariat of the Preferential Trade Area for Eastern and Southern African States (PTA), the Southern African Development Co-ordination Conference (SADCC) and the Government of Zimbabwe. Those organizations also received the co-operation of the Economic Commission for Africa (ECA) in the substantive preparations for the meeting. The meeting was also designed to contribute to the aims and objectives of the Lagos Plan of Action, the United Nations Programme of Action for African Economic Recovery and Development (1986-1990) and Africa's Priority Programme for Economic Recovery (1986-1990).

2. The purpose of the meeting was to bring together experts from the Eastern and Southern African subregion to review progress in the implementation of the initial integrated industrial promotion programme drawn up at the previous subregional meeting held at Addis Ababa (Ethiopia) in November 1983. The meeting would put forward proposals for adjusting that programme to the current needs and priorities of the subregion. It would also consider proposals and adopt measures for promoting subregional industrial co-operation in the areas of industrial training, industrial consultancy and engineering services and industrial entrepreneurship.

I. PARTICIPATION

3. The meeting was attended by experts from the following countries: Botswana, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Uganda, United Republic of Tanzania, Zambia and Zimbabwe. Observers from Angola,^{1/} Burundi,^{1/} Somalia and Zimbabwe also attended. The representatives of the following organizations also participated: the African Development Bank (ADB), the African Institute for Higher Technical Training and Research (AIHTTR), the United Nations Economic Commission for Africa (ECA), the Lusaka-based MULPOC Office of the United Nations Economic Commission for Africa (ECA), the Eastern and Southern African Management Institute (ESAMI), the Eastern and Southern African Mineral Resources Development Centre (ESAMRDC), the Preferential Trade Area for Eastern and Southern African States (PTA), the Eastern and Southern African Trade and Development Bank (PTA Bank) and the United Nations Development Programme (UNDP). The list of participants is attached as annex I.

^{1/} Although not part of the Eastern and Southern African subregion, Angola, Burundi and Rwanda were invited to participate for the purposes of the meeting on account of their close geographical, political and economic links with the countries of the subregion.

II. AGENDA ITEM 1: OPENING OF THE MEETING

4. The meeting was opened by the Honourable Dr Calistus Ndlovu, Minister of Industry and Technology. He extended a warm welcome to the participants on behalf of the Government of Zimbabwe. He underscored the paramount importance of industrialization to the subregion. Industry played a pivotal role in assuring food supplies. It not only provided essential inputs into agriculture and processed the outputs, but it also played a central role in providing shelter. Furthermore, as the largest potential employer, industry could help bring about the shift from agriculture to manufacturing needed to sustain a growing population, while reducing the countries' dependence on agriculture and other primary producing sectors such as mining.

5. It was against a background of unfavourable terms of trade, balance of payments problems, capacity underutilization and the inability to meet demand that the Heads of State and Government had adopted the Lagos Plan of Action and declared the years 1980-1990 as the Industrial Development Decade for Africa (IDDA). That declaration had been endorsed by the General Assembly. While the need to solve the problems of industrialization in Africa had been recognized and supported globally, the main issue was to translate that support into effective action in such a way as to meet the peoples' needs. The present meeting would permit the participants to review steps taken in the first half of the decade which had been marked by protracted drought and a depressed international economic environment. That, however, should not be an excuse for failure. The Minister hoped that in reviewing progress, the meeting would come up with practical and concrete solutions of meaning to the subregion.

6. Zimbabwe had come into existence about the same time as the Decade had been launched. The first five years of the Decade had also seen a marked boost in economic co-operation in the subregion as exemplified by the creation of the PTA and SADC, to which Zimbabwe actively contributed. His country had placed the facilities of its integrated steel plant, ZISCOSTEEL, at the disposal of Member States, providing them with both their material and training requirements. Similar services in different sectors were also planned. The Minister hoped that other areas of co-operation could be identified during the meeting.

7. In its first five-year plan, Zimbabwe had identified the manufacturing sector as the major instrument for restructuring the country's economy and as its engine of growth, with a major thrust in the development of the capital and intermediate goods sectors. The Industrial Development Corporation of Zimbabwe was now empowered to enter into joint ventures with companies in other countries in the subregion. Private companies could, on a case-by-case basis, also enter into such ventures, thus helping to create the joint productive structures that all wished to see established.

8. Although responsibility for the achievement of the objectives of the Decade lay with the countries themselves, international organizations could play a major catalytic role. UNIDO, for example, could assist by providing specialized short-term skilled manpower and organizing industrial training programmes. The Minister appealed to the World Bank and African Development Bank (ADB) to review their lending policies so as to ensure a better balance in the flow of funds to infrastructural projects and directly productive projects such as those in manufacturing. He also appealed to Governments of

developed countries and their private sectors to direct more resources towards the industrial sector on equitable terms. By increasing the share of Africa in global industrial production, larger markets would be created that could also absorb more goods from the developed countries. The alternative would be a limited and brittle market in Africa.

9. The situation, moreover, was over-strained by the need to combat the destabilization policies of South Africa that caused serious economic dislocation in the subregion.

10. In closing, he reiterated his country's support for subregional co-operation. He reminded the participants of the responsibility incumbent upon them as they put together all the pieces necessary for the establishment of production structures. He thus wished them every success in their deliberations.

11. Speaking on behalf of Domingo L. Siazon, Jr., Director-General of UNIDO, Mr Louis Alexandrenne, Deputy Director-General of UNIDO, expressed his most sincere thanks to the Government and people of Zimbabwe for having agreed to host the meeting and for having extended such a warm welcome to the participants. He also paid especial tribute to the contribution that Zimbabwe, under the wise leadership of its President, Dr Robert G. Mugabe, had made to both the political and socio-economic liberation and unity of Africa. It stood as a stirring example to others.

12. The current meeting, which was being held jointly with the Southern African Development Co-ordination Conference (SADCC), the Preferential Trade Area for Eastern and Southern African States (PTA) and the Government of Zimbabwe, and with the co-operation of ECA, constituted a further attempt to incorporate the aims and objectives of the programme for the Industrial Development Decade for Africa (IDDA) in national industrial development policies, plans and programmes and their co-ordination at the subregional level. The meeting itself was a direct outcome of an earlier meeting held at Addis Ababa (Ethiopia) in November 1983 which had adopted an initial integrated industrial promotion programme for the subregion. That programme had been subsequently endorsed by the Conference of African Ministers of Industry and the Organization of African Unity (OAU) summit.

13. The objectives of the meeting were to review the progress made in implementing that initial programme and to adjust it to the current needs and priorities of the subregion. The meeting would also examine ways and means of accelerating the implementation of the revised programme, as well as consider proposals for promoting subregional co-operation in the areas of industrial training, industrial consultancy and engineering services, and small-scale industrial entrepreneurship. Appropriate documents had been prepared by the co-sponsors to facilitate discussion of those items.

14. The Deputy Director-General pointed to the limited progress that had been achieved in implementing the initial programme. In analysing the reasons for that slow progress, the meeting might, in the interests of speedier implementation, consider limiting the number of projects in the revised programme. The subregion clearly disposed of considerable experience in the development of human resources, industrial consultancy and engineering services. He thus felt that a number of institutions in the subregion could be upgraded to become centres of excellence, providing services to other

countries in the subregion and supporting the development of similar facilities in those countries. He stressed, however, that the primary responsibility for each project rested with the country or organization sponsoring it, while any co-operating country or organization should lend the lead country their full support. He also reassured the meeting that UNIDO stood ready to intensify its co-operation, within the limitations of its resources, with each country and organization in the subregion, especially those countries sponsoring projects. He was sure that some of the resources that UNIDO had allocated to the IDDA in the current biennium or would allocate in future biennia could be used to finance certain follow-up activities needed to launch the implementation of the revised programme.

15. In closing, the Deputy Director-General reiterated the importance that UNIDO attached to the meeting. The follow-up action would pose a major individual and collective challenge to all countries in the subregion. Only through the full mobilization of both human and financial resources could the success of the programme be ensured and the expression of political commitment translated into concrete, viable and realistic projects.

16. Speaking on behalf of Mr Bax D. Nomvete, Secretary-General of PTA, Mr J.E.O. Mwencha, Director of Industry, PTA, expressed his profound gratitude to the President, Government and people of Zimbabwe for their cordial welcome and the splendid facilities they had made available for the meeting. PTA had participated in the first subregional meeting at Addis Ababa in 1983. Since the adoption of the programme at that meeting, it had worked closely with UNIDO in monitoring its implementation.

17. The Minister of Industry and Technology of Zimbabwe, he said, had contributed personally to strengthening that working relationship. Together with the Chairman of the PTA Council of Ministers and the Minister for Commerce and Industry of Zambia, he had recently visited UNIDO Headquarters for a series of discussions. As a result of those discussions, a UNIDO multidisciplinary team was to visit the PTA countries to draw up an integrated industrial programme. PTA and UNIDO had also submitted a number of projects to UNDP, ranging from the iron and steel sector to agro-based industries, some of which UNDP had agreed to finance under its fourth programming cycle.

18. Zimbabwe, UNIDO and PTA had also jointly implemented one of the projects adopted at the previous subregional meeting: a training programme on maintenance in the metal and engineering industries which had drawn on the excellent training facilities at ZISCOSTEEL. Those and other contributions bore testimony to the practical support that Zimbabwe had lent to regional and subregional economic integration. Such support was particularly essential at a time when the economic situation in the subregion was deteriorating as a result of unfavourable international developments. The shortage of foreign exchange and the debt servicing burden compounded the problems of unemployment and capacity underutilization in the industrial sector that was apparently unable to import essential spare parts and raw materials. The situation made collective efforts and economic integration all the more necessary. He thanked UNIDO and the member countries for having convened the meeting and thus contributing to the endeavours to promote intra-African co-operation in the field of industry.

III. AGENDA ITEM 2: ORGANIZATION OF THE MEETING

Election of officers

19. Mr A. Dube (Zimbabwe), was elected to the office of Chairman, Mr H.W. Tadewos (Ethiopia) to that of Vice-Chairman and Mr A.K.P. Aubeeluck (Mauritius) to that of Rapporteur.

Adoption of the agenda and organization of work

20. The agenda (see annex II) was adopted unanimously.

IV. AGENDA ITEM 3: REVIEW OF PROGRESS MADE IN THE IMPLEMENTATION OF THE INITIAL INTEGRATED INDUSTRIAL PROMOTION PROGRAMME AND REVISION OF THE INITIAL INTEGRATED INDUSTRIAL PROMOTION PROGRAMME AND STRATEGY FOR IMPLEMENTATION

Presentation of the background document

21. In presenting the background paper (ID/WG.477/3(SPEC.)), the representative of UNIDO indicated that it had been prepared by the Secretariat of UNIDO on the basis of information obtained earlier by a UNIDO consultant from Member States and intergovernmental organizations in the subregion. That information had been recently updated during a mission undertaken by a UNIDO Senior Industrial Development Field Adviser (SIDFA) posted in the subregion and a staff member from ECA headquarters. The paper was divided into five parts. The first chapter presented background information on industrial co-operation in the subregion. The second chapter described the initial integrated industrial promotion programme drawn up at the subregional meeting held at Addis Ababa, November 1983. The third chapter, which was to be read in connection with annex II, assessed the current status of implementation of that programme and identified major constraints. He indicated that only three projects had been completed, three projects were under implementation, two projects were still being studied, two projects had been suspended and five projects had been withdrawn. The major constraints encountered related to: the economic crisis in the various countries; the inadequacy of industrial skills and technological capabilities; and, in some countries, the lack of an appropriate institutional mechanism for the effective promotion of the project among funding agencies. Some of the projects had not been included among the national priorities nor had they been presented to funding agencies for investment or technical assistance.

22. The fourth chapter outlined a revised integrated industrial promotion programme comprising 13 core and seven support projects extracted from the initial programme, as well as a listing of 10 new core projects and 10 new support projects for consideration by the meeting. He emphasized that the list of projects was strictly tentative since some countries and organizations had not been in a position to advance project proposals prior to the meeting. Delegates were therefore free to advance additional proposals. The fifth chapter put forward a strategy for accelerating the implementation of the revised programme, indicating the action to be taken at the national, subregional and regional levels, as well as by the co-ordinating and other agencies. In closing, the representative of UNIDO stressed the need to ensure that the information contained in the project profiles was complete.

23. The need for complete information was also emphasized by the representative of ECA who had participated in the mission that had sought to establish the progress achieved by countries in the subregion in implementing the initial programme. In analysing the problems encountered by the countries, the mission had established that some of the projects included in the initial programme had not been incorporated in the national development plans of the respective countries. Analysis had also revealed that the role of the project sponsors and others had not always been clear. Moreover, the difficulties of implementation had been compounded by the economic crisis besetting the region. In the ultimate analysis, however, such factors as ideologies or different economic approaches were not the decisive factor: the overriding consideration was to ensure the exchange of manufactured goods and promote industrial co-operation and trade to the benefit of the subregion.

24. Measures to facilitate and liberalize trade were a pronounced feature of the PTA integrated programme for the promotion of economic co-operation in the subregion as described in one of the two supplementary documents prepared by the PTA Secretariat for the meeting.^{2/} Other measures included joint activities in monetary affairs and the removal of physical and non-physical barriers through co-operation in transport and communications. In introducing those papers; the representative of PTA described the steps taken by the PTA Secretariat to promote co-operation in the rationalization and expansion of existing capacities and in the establishment of new capacities. The ultimate objective was to create a viable and competitive industrial structure providing both consumer goods as well as capital and intermediate goods. He also described the priority programme that embraced projects in the metallurgical, engineering, chemical and fertilizer as well as agro- and agro-related industries. He underscored the important role played by the introduction of investment codes and effective quality control, and described the contribution that both UNDP and UNIDO, including the Industrial Development Fund (IDF), could play in funding projects in the various priority areas.

General discussion

25. Prior to examining the document, some participants provided background information on developments in their countries since the adoption of the initial integrated industrial promotion programme in 1983.

26. In Ethiopia, it was reported, industrial development was accorded high priority. The priority sectors identified in the initial integrated industrial promotion programme corresponded to the priority subsectors in that country's industrial development plans. In the metallurgical industry sector,

^{2/} Actions taken by the Preferential Trade Area for Eastern and Southern African States (PTA) with the support of UNIDO in the promotion of industrial co-operation among its Member States (document ID/WG.477/5(SPEC.)).

Conceptual framework and current activities in the field of industry and energy of the Preferential Trade Area for Eastern and Southern African States (PTA) (document ID/WG.477/7(SPEC.)).

detailed investigations were nearing completion for a sponge-iron plant based on the direct reduction process, and the only rolling mill in the country was to be expanded. A new engineering complex that would provide industrial spare parts, hand tools and cutlery was currently being commissioned, and a plant producing water pumps had been commissioned a year earlier, while a tractor assembly plant had started operations during the Decade. Other projects under implementation related to a plant for tractor- and animal-drawn equipment, a machine tool plant, a plant manufacturing grain milling equipment and a multi-purpose engineering workshop. In the chemical sector, the projects under implementation included the establishment of an aluminium sulphate factory, a caustic soda plant and an alkyd resin factory, as well as the expansion of a tyre plant. In the building materials sector, a cement plant, whose output was to be doubled, had been opened four years previously, and a ceramics plant would come on stream in 1991.

27. The establishment or expansion of industrial plants would not of themselves ensure self-sustaining industrial development. Institutional infrastructural support was also necessary. Ethiopia had thus opened an industrial consultancy house and set up an industrial co-operation programme between the university and Ministry of Industry. It was also implementing an engineering design centre project in co-operation with UNIDO and UNDP. At the same time, the Ethiopian Government was promoting projects in the light industry sector, and a growing number of small-scale industry projects were being undertaken by private entrepreneurs.

28. Kenya's policy framework, it was reported, was consistent with that of the IDDA. While agriculture was to remain the leading sector, current policy envisaged industry as the most dynamic economic sector: it would provide the majority of new jobs in both rural and urban areas. The domestic market was to be greatly expanded, primarily in rural areas, and industry was to be so structured as to be more competitive on the domestic and subregional markets. Whereas the role of Government remained primarily one of formulating policy and contributing to an environment conducive to industrial growth, investment in industry was to be left largely to the private sector.

29. Although less than the rate of 7.5 per cent initially anticipated, industrial growth was steady, primarily in agro-related sectors. Kenya had, moreover, identified and formulated specific core projects in the chemical, metallurgical and engineering industries, based on locally available resources and skills. Two projects, a caustic soda project and the production of steel billets, were at an advanced stage.

30. In support of the industrial development process, Kenya had also reoriented its whole education system so as to impart basic industrial skills to school-leavers and thus facilitate their assimilation into the productive sector. Vocational training facilities as well as an industrial research and development institute were also available, the more specialized of which could be used as regional training centres. Kenya had also taken steps to reformulate its industrial standards and reconcile them with regional and subregional standards through the African Organization of Standardization (ARSO). Kenya had four major development finance institutions that had financed industrial development prior to the Decade, while a fifth institution had been set up during the Decade to fund small enterprises. Indigenous entrepreneurial development was a key factor and Kenya had done much to promote groups of entrepreneurs in the small-scale and informal sectors. It

had also drawn extensively on bilateral and multilateral assistance as it strove to achieve the aims of the programme for the Decade.

31. In Zambia, it was also confirmed that the successful implementation of the country's industrial programmes called for the development of an effective industrial institutional infrastructure. To that end, Zambia had established, in 1964, INDECO, a parastatal company responsible for promoting industrial development that currently controlled 75 per cent of the country's industrial activities. Over the past five years, INDECO had implemented a number of projects related to the IDDA. Those had ranged, for example, from the installation of a sulphuric acid plant, the establishment of a maize mill, a cottonseed and soyabean plant and the expansion of a textile plant in the financial year 1983/1984 to the commissioning of oxygen and carbon dioxide plants and the copper, brass and billet casting project that came on stream in the financial year 1987/1988.

32. The accelerated growth of the manufacturing sector was the principal objective of the country's industrial policy. Achievement of that aim had been facilitated by the Industrial Development Act of 1977 (subsequently replaced by the New Investment Act of 1987), while the Structural Adjustment Programme had been introduced in 1985. An important feature of the industrial policy was the emphasis on the development of medium- and small-scale industries based on local resources, as exemplified by the creation of the Small-scale Industries Development Organization (SIDO) and the Village Industry Service (VIS). To compensate for the lack of access that small-scale industries enjoyed to credit facilities, the Small-scale Enterprises Promotion Ltd had been set up and the Bank of Zambia had introduced a credit guarantee scheme for small-scale industry development. Under current decentralization legislation, district and provincial councils could enter into any profitable ventures, including manufacturing. Co-operatives had also heightened the efficiency of small-scale industries, particularly in the food-processing sector, while the maintenance of standards and the institution of quality control were also major contributory factors.

Consideration of background document No. 1:
Revised integrated industrial promotion programme
for the Eastern and Southern African subregion
(ID/WG.477/3(SPEC.))

33. The following comments were made and specific changes proposed in relation to paragraphs 1-62 of document ID/WG.477/3(SPEC.):

Paragraphs 2-4

It was recognized that the Eastern and Southern African subregion, as defined by the United Nations system, did not include 20 countries. However, Angola, Burundi and Rwanda had been included on account of their close geographic and economic ties with the subregion.

Paragraph 15

It was agreed that the section on institutional arrangements in the subregion should include a paragraph on the Indian Ocean Commission.

Paragraph 17, line 5

Replace 'food and security' by "food security".

Paragraphs 19-20

Appropriate mention should be made of the Regional Business Councils recently set up by SADCC in seven Member States and the Regional Co-ordinating Council.

Paragraph 54 (French text only)

Replace 'stabilization' by "destabilization".

Assessment of the implementation of the projects in the initial integrated industrial promotion programme

34. The meeting studied the current status of the initial programme as described in annex II of the background document.

Metallurgical industry

Iron and steel

1. Upgrading and diversification of products from ZISCOSTEEL (Zimbabwe)

35. It was reported that costs had since escalated and the total cost of the project was currently estimated at \$150 million, 80 million of which were needed to purchase a reconditioned mill from Sweden. Negotiations for funds were at an advanced stage. The project basically entailed product diversification, switching from the export of billets to the manufacture of flat products, thus achieving higher value-added. Market studies had revealed a current demand for flat products in the domestic and subregional markets of some 298,000 tons rising to 529,000 tons by the year 2000. It was reported that the following items would be produced: 192,000 tons of plates (6-25 mm thick); 76,800 tons of cold rolled coil (0.1-0.2 mm); and 96,000 tons of hot rolled sheets (1.8-6.0 mm). The project was in the process of being revised.

2. Expansion of iron and steel mill (Uganda)

36. The mill expansion envisaged in the original project had been initiated. Funds had been secured and the project was underway. A new facility had been in operation since 1983 and its possible expansion was being considered. Studies had been undertaken in respect of a third (sponge-iron) project that was being promoted by the PTA and the Government of India which currently had received samples for testing purposes.

3. Integrated iron and steel mill (Kenya)

37. Based on the findings of the Austroplan study, the whole project was being revised since it could not be implemented as originally envisaged.

10. Copper fabrication plant for Eastern and Southern Africa (Zambia)

38. Contrary to the impression created by the summary description in annex II of the background document, INDECO and a British company were carrying out a new feasibility study. The study would determine the final scale of production, which might initially have to be reduced in order to bring it within the financial reach of Zambia, thus ensuring implementation of the project. The project, which had been included in the fourth national development plan, was also included in the industry chapter of the SADCC programme for the subregion. That fact, together with the export orientation of the project, would ensure that the project catered for other countries in the subregion.

Engineering industry

Engine manufacture

4. Manufacture of diesel engines for tractors, trucks, lorries and buses (Zimbabwe)

39. It was confirmed that project approval had since been obtained from the Ministry of Industry. The joint venture approach had also been approved for the project which would be expanded to cover the subregion. The output would include stationary diesel engines and marine engines as well. Attention was also drawn to a similar project being promoted by SADCC for the manufacture of mining spares, in which diesel engines could be of use to off-road vehicles.

Road transport

5. Manufacture of diesel engine-mounted chassis for lorries, trucks and buses (Ethiopia, Mozambique and Tanzania)

40. Tanzania was restricting its project to the national level at present. In Ethiopia, subsequent studies had indicated that it would be more feasible to establish a plant manufacturing trailers or trucks that could also produce chassis. A joint venture with a foreign partner was being promoted along those lines.

6. Manufacture of low-cost, standard multi-purpose vehicles (Madagascar)

41. Botswana, one of the five countries originally listed, was reported to be working with a Scandinavian company on a related project, while Zambia was trying to standardize low-cost vehicles.

Agricultural machinery and equipment

7. Manufacture of agricultural machinery (four-wheel tractors) (Zimbabwe)

42. It was confirmed that Zimbabwe was already producing agricultural machinery and assembling tractors.

8. Irrigation equipment plant (Zambia)

43. The importance of the project was confirmed. It had been included in the fourth national development plan that would start next year. Contrary to the statement in paragraph 64 of the background document, only the feasibility study, and not the project, had been completed. Negotiations on project financing were currently underway.

Energy equipment

9. Re-rolling mills for sections and bars for high-tension electricity transmission in Eastern and Southern Africa

44. It was confirmed that no action had been taken in Zimbabwe, thus substantiating the recommendation that the project be withdrawn. That notwithstanding, the project concept was still of interest to Zimbabwe, and it would be taken into account in the programme for the expansion and diversification of ZISCOSTEEL.

11. Electric motors and transformers project (Zambia)

45. Likewise included in the industry chapter of the SADCC programme, the project was the second phase of a project for the manufacture of electric motors for which a feasibility study had been carried out and negotiations were being held with potential partners. The size of the project would be determined by the express wish to begin with a plant of manageable size that was within the financial means of the country.

Chemical industry

Fertilizers

12. Ethiopian potash (Ethiopia/Libya)

46. It was confirmed that the summary in annex II of the background document described the current situation correctly.

13. Tanzania multinational ammonia/urea project (Tanzania)

47. The project was reported as being both on the Government's priority list and in the industry chapter of the SADCC programme. Costed at some \$425 million, with a local input of \$20 million, the project would initially be export oriented. Despite several countries' expressing interest in participation, no firm commitment had as yet been received. It was also recognized that the demand for fertilizers far outstripped local supplies, thus justifying the establishment of new capacity. That notwithstanding, efforts should be rationalized not only in terms of plant location and economies of scale, but also in terms of production processes and feedstocks used. None of the four plants currently operational in the PTA countries used natural gas, the preferred feedstock.

14. Phosphate fertilizer plant (Uganda)

48. It was pointed out that the project was being advanced on account of an established demand, not on account of an abundance of raw materials. The study was not being 'upgraded', but "updated" to include the manufacture of triple super phosphate (TSP). Furthermore, the ADB would participate in co-financing the project, its share being established once the study was complete. It was also reported that PTA was reviewing the rationalization of fertilizer production in the subregion.

15. Phosphate fertilizer plant (Zimbabwe)

49. It was confirmed that the information contained in annex II of the background document was correct, thus substantiating the recommendation that the project be withdrawn.

Production of phosphate fertilizers (Burundi)

50. Attention was drawn to the project which had been retained in the revised subregional programme for Central Africa (document ID/WG.456/3/Rev.1)). Since it was also fully integrated within the PTA programme and served Burundi, Rwanda and Tanzania, it was agreed that the project would also be included in the programme for the Eastern and Southern African subregion.

Basic chemicals

16. Production of caustic soda (Kenya)

51. The correctness of the information in annex II of the background document was confirmed. That notwithstanding, some doubts were expressed whether the scale of production would make the project competitive. It was felt it would be more appropriate to enter into a subregional scale of production; all the more so as caustic soda was high in demand throughout the subregion which the three plants already in place could not satisfy. It was recognized, however, that the production process was also a decisive economic factor.

Building materials industry

Cement

17. Mauritian Cement Corporation (Mauritius)

52. Given the environmental risks associated with the project and the fact that the rate of raw material (sand) depletion was greater than the rate of replenishment, Mauritius was no longer interested in carrying out the project.

Ancillary products

18. Sheet-glass production unit (Madagascar)

53. Additional project information was not available owing to the absence of a participant from Madagascar.

Support projects

Institutional infrastructure

S1. Transformation of Serere research station into a subregional R & D centre

54. It was confirmed that both the basic information and recommendation contained in annex II of the background document were appropriate given the current situation in the country. It was reported, however, that PTA had included in its programme a project for the revitalization of the research station in respect of agriculture.

S2. Assistance to the African Regional Organization for Standardization (ARSO) and the African Institute for Higher Technical Training and Research (AIHTTR)

55. It was confirmed that the information contained in annex II of the background document relating to AIHTTR was correct.

Industrial manpower development

S4. Managerial and technical personnel training

56. It was understood that the description given in annex II of the background document served to underscore the ongoing nature of the project.

S6. Development of local entrepreneurship (Directory of small-scale industrial project profiles)

57. It was confirmed that the first edition of the directory had been completed and distributed. UNIDO had also produced and distributed a publication entitled "How to start manufacturing industries" containing project profiles for small-scale industries.

Other support projects

S7. Processing of fish and other seafoods

58. It was reported that since no action had been taken, it had been recommended that the project not be retained in the revised programme.

S8. Improvement and development of the cement industry

59. It was reported that UNIDO had co-operated with PTA in an appraisal of the cement industry in the subregion, and a project had been approved for financing from the UNDP regional IPF for the fourth programming cycle so as to enable UNIDO undertake further, more detailed studies. It was also reported that Tanzania had established a National Institute of Cement Technology whose resources it was prepared to make available to other countries in the subregion.

S9. Utilization of steel plant waste for the production of slag cement

60. Given that no action had been taken, it had been proposed that the project not be retained in the revised programme. It was also reported that the slag available at ZISCOSTEEL (500-600,000 tons a year) was sufficient only for a national project which would be tied in with a cement brick factory and the programme for the expansion and diversification of ZISCOSTEEL.

61. In the light of the project information provided in annex II, it was agreed that paragraph 64 of the background document should be amended to reflect the most recent status of implementation.

Constraints on the implementation of the initial programme

62. Although it was suggested that the successful implementation of three projects out of a total of 18 could hardly be termed successful, it was recognized that the programme bore comparison with other regional programmes, such as those in the Andean Pact and ASEAN countries. Those programmes had experienced a long gestation period, and it was generally recognized that project cycles could be very long, particularly for major projects incurring large investments. The countries in the subregion should not be deterred by the multiplicity of constraints, particularly those attributable to the pervasive economic crisis. On the contrary, it should spur them on to seek more co-operation from and greater understanding of others. That held particularly true for the financing institutions which should be encouraged to maintain their full commitment throughout a project cycle, despite shifts in the financial situation of their partners. Similarly, UNDP, UNIDO and other agencies should help the countries in the subregion to secure technology and other essential project inputs at a more acceptable cost.

63. A major constraint identified was the duplication of activities among the various subregional and international organizations. Furthermore, national and subregional priorities were sometimes at variance with each other, thus making it all the more necessary to ensure effective integration of the various projects and their objectives. Certain projects had failed to make any progress since, at the time of their inclusion in the initial programme, they had not been backed up by any prior studies. Such studies would have made for more precise definition of objectives and a clearer assessment of priorities and parameters. Stricter application of the selection criteria adopted at the first subregional meeting would have obviated some of the subsequent difficulties. It was clearly not sufficient to agree to a collection of projects: their further integration and the establishment of effective linkages were necessary so as to ensure optimum utilization of financial, technological and human resources within the subregion.

Revision of the initial integrated industrial promotion programme

64. It was agreed that when considering the projects to be retained in the revised programme, a clear indication would be given, as indicated in paragraph 88 of the background document, whether the project in question was to be implemented in the short, medium or long term. It was also suggested that, where possible, the subregional nature of each project should be determined and an indication given as to whether equity participation by other countries in the subregion was required and/or other countries were involved

as sources for raw materials or as markets for their products. That determination was considered to be of particular relevance to planning.

65. In the light of the project information provided in annexes III and IV and during the meeting itself (see paragraphs 68 to 83 below), the core projects listed below were retained in the revised programme.

Core projects

Metallurgical industry

1. Upgrading and diversification of products from ZISCOSTEEL (Zimbabwe) (short-term)
2. Expansion of iron and steel mill (Uganda) (medium-term)
3. Integrated iron and steel mill (Kenya) (long-term)
4. Copper fabrication plant for Eastern and Southern Africa (Zambia) (short-term)

Engineering industry

5. Manufacture of diesel engines for tractors, trucks, lorries and buses (Zimbabwe) (short-term)
6. Manufacture of low-cost, standard multi-purpose vehicles (Madagascar) (short-term)
7. Irrigation equipment plant (Zambia) (short-term)
8. Electric motors and transformers project (Zambia) (medium-term)

Chemical industry

9. Ethiopian potash (Ethiopia/Libya) (long-term)
10. Tanzania multinational ammonia/urea project (Tanzania) (medium-term)
11. Phosphate fertilizer plant (Uganda) (short-term)
12. Production of phosphate fertilizers (Burundi) (short-term)
13. Production of caustic soda (Kenya) (short-term)
14. Sheet-glass production unit (Madagascar) (medium-term)

New core projects

Metallurgical industry

1. Establishment of integrated iron and steel mill (Madagascar) (medium-term)
2. Establishment of a steel re-rolling mill (Zambia) (short-term)

Engineering industry

3. Manufacture of low-cost vehicles (Ethiopia) (short-term)
4. Spare parts and engineering hand tools factory (Ethiopia) (short-term)^{3/}
5. Water pump factory (Ethiopia) (short-term)^{3/}
6. Machine-tool factory (Ethiopia) (short-term)^{3/}
7. Tractor- and animal-drawn farm implements factory (Ethiopia) (short-term)^{3/}
8. Truck-trailer and bodies factory (Ethiopia) (short-term)^{3/}
9. Multi-purpose engineering workshop (Ethiopia) (short-term)^{3/}

Chemical industry

10. Establishment of a salt refining and packaging plant (Somalia) (medium-term)
11. Expansion of Berbera gypsum factory (Somalia) (short-term)
12. Rehabilitation of urea fertilizer plant (Somalia) (short-term)
13. Manufacture of carbon black (Kenya) (medium-term)
14. Hollow glass manufacturing plant (Somalia) (medium-term)
15. Rehabilitation of copper oxychloride plant (Zambia) (short-term)
16. Rehabilitation of copper oxychloride plant (Zimbabwe) (short-term)
17. Integrated chlor-alkali and PVC plant (Zimbabwe) (short-term)^{3/}
18. Chrome tanning salts (Zimbabwe) (short-term)^{3/}
19. Production of caustic soda (Tanzania) (medium-term)^{3/}
20. Lake Natron soda ash project (Tanzania) (short-term)^{3/}
21. Mbagala sheet glass project (Tanzania) (short-term)^{3/}

Building materials industry

22. Production of cement for Indian Ocean island countries (Madagascar) (long-term)
23. Cement blending and packaging plant (Lesotho) (short-term)^{3/}

^{3/} Project presented at meeting.

Agro- and agro-related industries

- 24. Edible oil production (Lesotho) (short-term)^{3/}
- 25. Coconut processing programme (Comoros) (medium-term)^{3/}
- 26. Cotton weaving plant (Lesotho) (short-term)^{3/}
- 27. Blanket manufacture (Lesotho) (short-term)^{3/}
- 28. Fish-processing facilities (Uganda) (short-term)^{3/}

66. All the projects were considered to be subregional in character, and their priority classification was indicated in each case. It was suggested that the project profile should be re-designed so as to lend prominence to two pieces of essential information: the promoter/sponsor and total investment required. The profiles of each project would be revised, where necessary, or, in some instances, prepared by the sponsoring country in consultation with the Secretariat. Given the absence of a participant from Madagascar and an official delegate from Somalia, the UNIDO Secretariat would contact the authorities in Madagascar and Somalia so as to obtain confirmation that the projects submitted by those countries should be retained. It would seek additional information so that project profiles could be updated, where necessary.

67. It was also recommended that PTA and SADCC, with the assistance of UNIDO and ECA, should take follow-up action to ensure proper integration of the various projects retained in the metallurgical industry subsector. That integration would maximize economies of scale and take due account of the limited markets and financial resources in the subregion.

Supplementary information on new core projects

68. In addition to the information contained in annex IV, supplementary details were given on certain aspects of some new core projects.

Establishment of a steel re-rolling mill (Zambia) (short-term)

69. The project had been included in the fourth national development plan, further to which it had been discussed with both the ADB and PTA.

Manufacture of low-cost vehicles (Ethiopia) (short-term)

70. The range of products was broader than indicated in the project profile, ranging from motorcycles and three-wheelers to bicycles and rural carts. The project had been initially oriented towards the domestic market, but it had excess capacity that would permit the export of certain items (mainly bicycles and motorcycles) to the subregional market.

Machine-tool factory (Ethiopia) (short-term)^{3/}

71. The need for close co-ordination, through such organizations as PTA, SADCC and UNIDO, with related projects in Tanzania and Zimbabwe was recognized, and effective project harmonization was called for.

Truck-trailer and bodies factory (Ethiopia) (short-term)^{3/}

72. The project was basically a modification of the mounted chassis project adopted at the first subregional meeting.

Establishment of a salt refining and packaging plant (Somalia) (medium-term)

Expansion of Berbera gypsum factory (Somalia) (short-term)

Rehabilitation of urea fertilizer plant (Somalia) (short-term)

Hollow glass manufacturing plant (Somalia) (medium-term)

73. All four projects enjoyed high priority in Somalia. Preliminary discussions had been held with a Chinese group in respect of the salt refining and packaging plant, and the urea fertilizer plant project had been included among the projects being promoted by PTA.

Rehabilitation of copper oxychloride plant (Zambia) (short-term)

Rehabilitation of copper oxychloride plant (Zimbabwe) (short-term)

74. The project presented in the programme was the merger of two identical projects in two different countries. However, given that demand for pesticides was far in excess of available capacity in the subregion, two projects were justified. The Zambian company, a private enterprise at Ndola, was currently exporting to Kenya, while the Zimbabwean project envisaged local demand to exceed 2,000 tons a year by 1990, with 500 tons more for other countries in the subregion.

Lake Natron soda ash project (Tanzania) (short-term)^{3/}

75. The feasibility study for the plant, the annual capacity of which was to be expanded from 30,000 to 60,000 tons, had been carried out with the assistance of UNIDO.

Mbagala sheet glass project (Tanzania) (short-term)^{3/}

76. The total cost of rehabilitating the plant had been estimated by TISCO at \$2.5 million.

Production of cement for Indian Ocean island countries (Madagascar) (long-term)

77. An opportunity study had been conducted by UNIDO and the project had also been considered at a UNIDO investment promotion meeting.

Cement blending and packaging plant (Lesotho) (short-term)^{3/}

78. The project offered opportunities for collaboration with Mozambique.

Edible oil production (Lesotho) (short-term)^{3/}

79. The domestic and subregional demand for edible vegetable oils was appreciable. A large proportion of the market was still supplied from sources outside the subregion. The project, which was based on domestic raw materials, was a clear example of self-sustaining development within the subregion.

Coconut processing programme (Comoros) (medium-term)^{3/}

80. The programme comprised four sub-projects: (a) production of coconut oil for human consumption; (b) manufacture of coir mattresses and mats; (c) use of coconut husks for the manufacture of furniture; and (d) possible extraction of alcohol and sun-tan oil for export. A feasibility study was being commissioned, and a complete project profile would be transmitted to the Secretariat by the end of the month or early December 1988.

Cotton weaving plant (Lesotho) (short-term)^{3/}

81. Discussions had been held with the Chinese authorities and other interested parties, while project inputs would be drawn from the subregion.

Blanket manufacture (Lesotho) (short-term)^{3/}

82. The domestic and subregional demand for blankets was appreciable. The project, which was based on domestic resources, was a clear example of self-sustaining development. Zimbabwe expressed its wish to be associated with cotton weaving and blanket manufacturing projects in Lesotho.

Fish-processing facilities (Uganda) (short-term)^{3/}

83. Agreement had already been reached on the project with the Italian and Chinese Governments, and equipment was being procured.

Support projects

84. In the light of the information on support projects provided in annexes III and IV and during the meeting itself (see paragraphs 88 to 93), the subregional support projects listed below were retained in the revised programme. All support projects fell into the first priority (short-term) category.

- S1. Transformation of Serere research station into a subregional R & D centre
- S2. Assistance to the African Regional Organization for Standardization (ARSO) and the African Institute for Higher Technical Training and Research (AIHTTR)
- S3. Inventory of subregional training facilities
- S4. Managerial and technical personnel training
- S5. Development of industrial consultancy and management capabilities

- S6. Development of local entrepreneurship (Directory of small-scale industrial project profiles)
- S7. Improvement and development of the cement industry

New support projects

- S1. Upgrading of Kenya Textile Training Institute (KTTI) into a subregional training centre (Kenya)
- S2. Upgrading of Ethiopian Management Institute into a subregional centre (Ethiopia)
- S3. Regional Sugar Cane Training Centre for Africa (RSCTCA) (Mauritius)
- S4. Upgrading of Management Training and Advisory Centre (MTAC) into a subregional centre (Uganda)
- S5. Upgrading of training and design facilities of the spare parts manufacturing plant into a subregional centre (Ethiopia)
- S6. Establishment of a subregional cement institute at the Muger cement plant (Ethiopia)
- S7. Upgrading the Industrial Vocational Training Centre (IVTC) into a subregional centre (Somalia)
- S8. Establishment of a Metallurgical Technology Centre for PTA countries (Zimbabwe)
- S9. Establishment of multinational sponge iron plants in PTA countries (Mozambique/Tanzania/Uganda/Zambia)
- S10. Promotion of spare parts production in PTA countries (Kenya/Tanzania/Zimbabwe)
- S11. Tanzania Institute of Leather Technology (Tanzania)^{3/}
- S12. Consolidation of the Cement Institute of Technology (Tanzania)^{3/}
- S13. Establishment of a pilot and demonstration physical manufacturing facilities at TEMDO (Tanzania)^{3/}
- S14. Establishment of a pilot demonstration toolroom and engineering design centre (Zimbabwe)^{3/}

85. It was agreed that the support project relating to the establishment of multinational sponge iron plants in PTA countries would be more appropriately listed among the core projects. The Secretariat was requested to effect that change when finalizing the programme.

86. It was also agreed that despite the apparent similarity, there was no conflict between the Ethiopian support project related to spare parts and the project for promoting spare parts production in the PTA countries. The latter was more in the nature of a stocktaking exercise and complemented the former.

87. It was also suggested that in each of the support project profiles, the costs involved should be indicated.

Supplementary information on new support projects

88. In addition to the information contained in annex IV, supplementary details were given of certain aspects of some new support projects.

Regional Sugar Cane Training Centre for Africa (RSCTCA) (Mauritius)

89. The project was an ongoing national project. Its ability to serve the subregion was contingent upon an assessment of the needs of the countries in the subregion, and their being directed to the centre in Mauritius.

Establishment of a subregional cement institute at the Mughher cement plant (Ethiopia)

90. The aim of the project was to set up a cement institute under the management of the Mughher cement plant.

Tanzania Institute of Leather Technology (Tanzania)^{3/}

91. The very fact that the Tanzanian support project was identical to a fairly advanced PTA project in Ethiopia that would also serve the subregion merely underscored the need to harmonize activities in the leather industry sector. It was noted that the integrated leather programme for the African region developed by UNIDO provided a useful framework for such harmonization. That notwithstanding, it was considered desirable for consultations between the various leather technology institutes in the subregion to be held under the auspices of SADCC and PTA, with the assistance of UNIDO and ECA.

Consolidation of the Cement Institute of Technology (Tanzania)^{3/}

Establishment of a pilot and demonstration physical manufacturing facilities at TEMDO (Tanzania)^{3/}

92. In both projects, similar activities were being initiated in different countries in the subregion, thus making it essential to ensure rationalization of effort between institutions working in the same sector.

Establishment of a pilot demonstration toolroom and engineering design centre (Zimbabwe)^{3/}

93. The centre would be the institutional focal point for the development of local engineering design capabilities related to the manufacture of capital and intermediate goods, consumer durables and spare parts.

94. In concluding the discussion on the core and support projects, it was stressed that the selection of projects had not been governed by geographical considerations, but had ensued exclusively on the grounds of their pertinence and usefulness to the region. It had to be appreciated that the subregion needed to develop essential industrial capacities and capabilities wherever possible. A start had to be made by drawing on existing facilities in a

number of countries, while other countries could lend support by developing additional facilities in response to increasing demand.

Strategy to be adopted to accelerate
the implementation of the revised programme

95. It was generally agreed that chapter V was a most important chapter. Although it still retained many of the elements contained in the initial implementation strategy, the strategy proposed in chapter V had been subject to change over the past five years in the light of development trends and the industrial environment in the subregion. In addition to that strategy which was all-embracing and overly general, it was suggested that the meeting should identify and recommend measures to accelerate the implementation of the revised programme (see paragraph 121 below).

Measures at the national level

96. It was recognized that a major constraint on effective project implementation was the communications gap that existed between the various bodies within a country concerned with project preparation, promotion and implementation. That problem was compounded, in many instances, by the lack of identifiable focal points and national co-ordinating committees which, as emphasized in paragraph 100 of the background document, were essential to effective co-ordination. It would be useful if the focal points were established along functional, rather than personal lines, and steps were taken to establish an effective institutional memory. The lack of continuity and consistency that was highlighted in paragraph 96 of the background document also explained the lack of familiarity with procedures for obtaining technical and financial assistance from external organizations.

97. It was reported that after the first subregional meeting, the assistance of UNIDO had not been requested in certain instances, thus creating the impression that project implementation was proceeding on schedule. It was emphasized that the programme to be adopted by the meeting was that of the Member States. In common with all international and subregional organizations, the role of UNIDO was that of an active catalyst, and its further involvement in the programme had to be officially requested.

98. It was suggested that many of the problems could be overcome, were greater publicity to be given to industrial development in the media. That would create an awareness of the problems, and hence a greater receptiveness in other quarters to the need for closer co-operation between the various national bodies concerned with industrialization.

99. In paragraph 98 of the background document, two amendments were introduced:

Line 1

Delete 'as in other subregions of Africa'.

Line 2

After sector insert "as necessary".

Measures at the subregional level

100. As at the national level, communication presented a problem. It was recognized, however, that the flow of information between countries in the subregion could be improved by using the channels of communication established by SADCC and PTA. The flow of information could also be improved through a formalized process of consultation. The flow would be further enhanced by establishing an effective monitoring system. The meeting thus supported the proposal contained in paragraph 111 of the background document recommending that UNIDO establish a monitoring system in co-operation with the PTA, SADCC and ECA that would report regularly to all countries in the subregion on the implementation of the projects in the programme.

101. It was also suggested that in the light of the discussion on core projects (see paragraph 64 above), the term 'multinational' be replaced by "subregional" in paragraph 101(c), line 3 and elsewhere in the section on measures at the subregional level, as appropriate.

Mobilization of financial resources

102. It was pointed out that the listing in paragraph 107 of the background document should include the PTA Bank. Both the PTA Bank and ADB, as well as other financing institutions, were urged to give priority in their lending policies to the subregional projects selected. It was pointed out that ADB's attaching priority to the projects did not suffice in itself. The projects also had to be accorded priority status at the national level, while the project promoters/sponsors would have to mobilize equity resources or set up mechanisms for that purpose. For its part, the ADB financed projects whose total costs did not exceed 8 million units of account indirectly through lines of credit to national and subregional development banks. Projects whose total costs were above that ceiling were financed directly.

103. UNIDO was requested to convene a donors' conference of multilateral and bilateral funding agencies to fund the technical assistance (i.e. support) projects in the region retained in the revised programme. It was reported that UNIDO was planning to hold a donors' conference in 1989 in respect of a human resource development programme in Central and West Africa. That conference was distinct from the investment promotion activities of UNIDO which sought to identify potential partners for industrial investment projects in the subregion.

104. In answer to an appeal to the ADB to complete the establishment of the African Industrial Development Fund (AIDF), as had been urged at the Eighth Conference of African Ministers of Industry, it was pointed out that ADB was experiencing difficulties in implementing the request on account of the legal framework of the Fund. It was holding consultations with ECA in an endeavour to resolve the issue.

Role of the co-ordinating and other agencies

105. It was pointed out that since PTA already had an Industrial Co-operation Committee, it would be more appropriate to speak of strengthening the existing subregional committees described in paragraph 110(d) of the background document.

V. AGENDA ITEM 4: PROMOTION OF THE
SUBREGIONAL INDUSTRIAL CO-OPERATION PROGRAMME IN SELECTED AREAS

Presentation of the background document

106. In presenting the background document (ID/WG.477/4(SPEC.)), the representative of UNIDO indicated that in the course of implementing the various initial subregional programmes, a number of constraints had been identified. The overriding constraint had been the lack of trained personnel, including industrial entrepreneurs. In its study on external debt in Africa as it related to the industrial sector, UNIDO had noted that as much as 7 per cent of the region's debt, equivalent to some \$10 billion, was spent annually on importing industrial consultancy, engineering and other services.

107. The subregion, however, disposed of appreciable consultancy services and training institutions which, if effectively co-ordinated, could contribute significantly to the development of the subregion. UNIDO had thus endeavoured to identify the scope for co-operation among the countries in the subregion in the three specific fields treated in the document. The paper itself constituted a first attempt to develop a subregional programme in those priority areas that would support the revised industrial co-operation programme in the same subregion.

108. The paper had been prepared by the Secretariat on the basis of information it had obtained from Member States and intergovernmental organizations in the subregion. The paper was divided into three parts. The first chapter provided background information. The second chapter presented an overview of the industrial support services currently available in the subregion in respect of industrial training, industrial consultancy and engineering services and industrial entrepreneurship. The third chapter put forward proposals for promoting subregional co-operation in the development and utilization of those support services.

109. It was pointed out that the institutions and organizations cited in the background document constituted an illustrative listing only.

Industrial training

110. The Director-General of AIHTTR stressed the pivotal role of human resource training in the industrial development process. He described the mission and activities of the Institute, as well as the leading role that it could play as a regional centre of excellence for human resource development in both technology and industrial development. The objective of the Institute was primarily to assist Member States in acquiring and developing adequate technical manpower capabilities for the transformation of African economies and for the optimal exploitation and utilization of the region's natural resources. He urged UNIDO to provide substantial assistance, both financially and morally, in strengthening the technical capability of the Institute. He also appealed to the countries of the subregion to make effective and regular use of the facilities of the Institute, thus demonstrating faith in and support for its mission.

111. The list of training institutes in paragraph 52 of the background document should be expanded to include both AIHTTR (in the engineering industries subsector) and ESAMI (in management training). The last entry

under agro- and agro-related industries should read "Kenya Industrial Training Institute (KITI)" and be shifted to engineering industries subsector. A list of Malawian training institutes would be provided to the Secretariat within a month.

Industrial consultancy and engineering services

112. The representative of ECA highlighted the current inadequacy of consultancy services in the subregion and stressed the need to develop local consulting skills and capabilities. In so doing, particular heed had to be paid to the socio-political and cultural aspects of the specific services that local consultancy companies could provide. It was thus recommended that international organizations as well as countries in the subregion should accord preference to consultancy and engineering companies from the subregion, while local consultancy companies should provide full details of their skills and expertise so as to facilitate their selection.

113. In respect of the first recommendation, it was suggested that any country sponsoring a project should, in the first instance, exhaust all possibilities of using local resources. If it so happened that the sponsor had to draw on the services of a consultancy company from abroad, that company should be obliged to use a certain proportion of local services in the country sponsoring the project.

114. In respect of the second recommendation, it was pointed out that the Federation of African Consultants was one source of information, while SADCC was currently preparing a directory of consultant companies. At a World Bank/UNDP meeting in Mauritius, it had been recommended that a national association of consultants should be set up. It was suggested that the same approach could be adopted in other countries in the subregion.

115. The industrial consultancy and engineering services cited in paragraphs 25 and 59 of the background document should include ESAMI. It was also urged that more details be given on the remaining major institutions so that they could be contacted more easily.

Industrial entrepreneurship

116. In relation to paragraph 26 of the background document, it was reported that the Bank of Zambia provided credit guarantee schemes to small-scale enterprises, thus helping to promote local entrepreneurship. It was pointed out that the description of small enterprises development programmes in Kenya contained in paragraph 30 also held true for Zambia. The Secretariat was thus requested to help by contacting UNDP/ILO to assist Zambia in the same manner as they had done in Kenya. In paragraph 45 referring to Zambia, it was more correct to speak of the Small-scale Industrial Development Organization (SIDO) rather than the Village Industry Service (VIS).

117. The Small-scale Industrial Development Organization (SIDO) (Zambia) should be included as the final entry in the list in paragraph 61 of the background document. That listing, which related to major institutions, should include the following Malawian and Ugandan institutions:

Small Enterprise Development Organization of Malawi (SEDOM)
Malawi Entrepreneurs Development Institute (MEDI)
Investment and Development Fund Ltd (INDEFUND) (Malawi)
Development of Malawian Traders' Trust (DEMATT)
Uganda Small-scale Industries Association
Uganda Manufacturers' Association
UGADEV Bank Limited (Uganda)

118. A list of other Ugandan institutions for inclusion in paragraph 61 of the background document would be provided to the Secretariat within a month. It was also reported that in Uganda the department in the Ministry of Industry and Technology responsible for developing small-scale industries had recently recruited more staff.

119. With respect to the section of the background document devoted to industrial entrepreneurship, it was suggested that reference should be made to the evaluations made by the World Bank of the performance of some of the organizations in the region. Furthermore, three amendments were proposed:

Paragraph 8, penultimate line

Replace 'even more' by "also".

Paragraph 32, line 4

Delete 'a narrow range of' and 'very'.

Paragraph 32, lines 5-10

Delete the sentence 'This is because handicraft industries.'.

120. It was recognized that the support services at the national or subregional level should also include technological information services and an appropriate insertion should be made in paragraph 47. It was also stressed that UNIDO could play an important role by providing appropriate assistance in many of the support areas. Within the context of the current biennial programme for the Decade, funds (\$1.5 million) had been specifically allocated for the provision of short-term advisory services. Those services, which were a new feature of the services provided by UNIDO, could be requested in connection with such requirements as diagnostic missions, policy and technology assessments, assistance to industrial enterprises, formulation of projects, and discussion of investment projects. The countries in the subregion were encouraged to submit requests to UNIDO for such services.

VI. RECOMMENDATIONS

121. The meeting adopted the following recommendations that were aimed at enhancing the implementation of the revised programme. The meeting recommended that:

- (i) UNIDO, PTA, SADCC and ECA should initiate a series of consultations between countries to co-ordinate programme implementation activities on a project-by-project basis;
- (ii) UNIDO, PTA, SADCC and ECA should establish an effective monitoring system that would report regularly on programme implementation and enhance the flow of project information between Member States;
- (iii) UNIDO, in co-operation with PTA, SADCC, ADB and the PTA Bank, should organize a donors' conference of multilateral and bilateral funding agencies to fund the technical assistance (i.e. support projects) retained in the revised programme;
- (iv) ADB, PTA Bank and other financing institutions should give priority in their lending policies to the subregional projects retained in the revised programme;
- (v) Project promoters/sponsors should mobilize the necessary equity resources or set up mechanisms for that purpose;
- (vi) International organizations as well as countries in the subregion should accord priority to consultancy and engineering companies from the subregion;
- (vii) A directory of consultancy companies, providing full details of their areas of competence, expertise and facilities, should be prepared by PTA and SADCC, with the assistance of UNIDO and ECA, that drew on information available with the Federation of African Consultants and the efforts already deployed by SADCC;
- (viii) PTA and SADCC, with the assistance of UNIDO and ECA, should initiate consultations between countries in the subregion in each of the major subsectors, in particular the metallurgical and engineering subsectors, in order to: (i) ensure effective integration and harmonization of projects; (ii) contribute to a process of product specialization; and (iii) ensure optimal economies of scale and the effective utilization of limited resources;
- (ix) The revised subregional programme should be endorsed by the appropriate legislative organs of PTA, SADCC and the Lusaka-based MULPOC.

VII. AGENDA ITEM 5: ADOPTION OF THE REPORT OF THE MEETING

122. At its final session, the meeting adopted the report and the amendments proposed. It authorized the Secretariat to finalize the report in the light of those amendments, as well as to complete chapters VII and VIII. Participants were reminded to submit any project profiles or other information outstanding by 10 December 1988 so that the two revised background documents could be issued with a minimum of delay.

VIII. AGENDA ITEM 6: CLOSURE OF THE MEETING

123. At the formal closing session, a vote of thanks was proposed by the Vice-Chairman, Mr H.W. Tadewos, on behalf of the participants to the Government and people of Zimbabwe for their warm and brotherly hospitality, as well as for the excellent facilities and logistical support they had provided. Harare, he said, had set a good example to the other countries in the subregion.

124. The participants were also greatly honoured by the presence of two Deputy Ministers at the closing session. Their attendance bore clear testimony to the importance that their Government attached to subregional industrial co-operation. He extended his particular thanks to the Minister of Industry and Technology for his inspiring opening address that had set the tone for the whole meeting. He also paid tribute to the organizers of the meeting, UNIDO, PTA, SADCC and ECA, and thanked the Chairman for the skill with which he had guided their deliberations. He looked back with satisfaction at the meeting and with optimism towards the future.

125. Speaking on behalf of the organizers of the meeting, Mr Louis Alexandrenne, Deputy Director-General of UNIDO, recalled that the countries of the subregion were slowly but surely moving towards the goal of subregional co-ordination and rationalization in an endeavour to improve industrial performance and competitiveness. The current meeting would contribute to that aim.

126. He reminded the Ministers that they and their colleagues in the other participating countries had a key role to play. They should ensure that the projects adopted were incorporated in their countries' national development priorities and plans. He also pointed out that by pooling their human and financial resources, the international organizations could also contribute to the process of subregional co-ordination. He pledged the full support of UNIDO both within the context of the programme for the IDDA and other programmes. The all-important task, however, was to ensure the implementation of the projects adopted along the lines envisaged - a task in which everybody had a role to play.

127. He extended his particular thanks to the delegates for their contribution, to the Government for its support and excellent facilities, and to the Chairman for his tact and lucidity. He also thanked the co-organizers for their fruitful co-operation.

128. In closing, the Deputy Director-General pointed to the moves towards closer co-operation and market consolidation among the industrialized countries of the North, East and West. Africa should initiate similar moves and devote its energies to strengthening industrial co-operation throughout the region. The meeting in Harare was a modest but essential step in that direction.

129. In his statement, Dr T. Masaya, Deputy Minister of Finance, Economic Planning and Development, noted with pleasure the attention that had been devoted to developing industrial co-operation within the subregion. He was even more encouraged by the identity of priorities throughout the subregion, which made it all the more necessary to co-ordinate matters.

130. At present, the economies of the subregion were characterized by a massive extraction of natural resources. Development, however, he cautioned, did not merely come with the acquisition of foreign exchange through the sale of primary commodities that could then be used to buy imports. Unfortunately, the countries in the subregion did not recognize that and tended to block each other with unco-ordinated raw material exports, thus hastening a deterioration in the terms of trade. Conventional wisdom urged them to depreciate their currencies. However, in order to offset the loss in revenue, countries set about trying to export still more only to glut the market.

131. The time had come, the Deputy Minister said, for effective action, not lengthy resolutions. The countries had to draw on their own personnel, at present grossly underutilized. They also had to industrialize, converting their raw materials into secondary products.

132. Africa had to seek ideas and organize them effectively. Whereas political unity might not have been achieved, economic unity was clearly feasible. Bureaucracy should no longer be allowed to stifle development and delay projects, and a conscious attempt should be made to derive benefit from effective technology transfer. The mistakes of the past should be rectified without laying the blame on individuals. One should learn from past experience. People had to be encouraged to co-ordinate their actions and achieve effective economies of scale. This process of co-ordination should start first at the national, then at the subregional and finally at the regional level.

133. In closing, the Deputy Minister pointed to the industrial power accumulating in the European community - it set an example that Africa should follow on its path to economic liberation. He urged the participants to move along that path.

ANNEX I/ANNEXE I

LIST OF PARTICIPANTS/LISTE DES PARTICIPANTS

EXPERTS:

BOTSWANA

Ms Tlhabologo NDZINGE
Industrial Development Officer
Ministry of Commerce and Industry
Private Bag 004
Gaborone
Botswana

COMOROS/COMORES

M. Charif OUBEIDILLAH
Directeur Général de l'Industrie
et de l'Artisanat
Ministère de la Production
B.P. 41
Moroni
Comores

DJIBOUTI

Mr Mohamed Ali ISMAEL
Production Quality Control Chief
Djibouti Dairy Plant
Representative of Ministry of Industry
P.O. Box 1998
Djibouti
Djibouti

ETHIOPIA/ETHIOPIE

Mr Harege-Work TADEWOS
Vice-Minister of Industry
Ministry of Industry
P.O. Box 704
Addis Ababa
Ethiopia

Mr Kebede SHIFERAW
Head
Projects and Planning Department
Handicrafts and Small-Scale Industries
Development Agency (HASIDA)
P.O. Box 5758
Addis Ababa
Ethiopia

ETHIOPIA/ETHIOPIE (cont'd)

Mr Getachew DEGEFU
Head
Planning and Projects Department
National Metalworks Corporation
Ministry of Industry
P.O. Box 2447
Addis Ababa
Ethiopia

KENYA

Mr Nahashon Gatere MWAI
Acting Director of Industries
Ministry of Industry
P.O. Box 30418
Nairobi
Kenya

Mr Morgan Karinge GITHINJI
Commercial Attaché
Kenya High Commission
95 Park Lane
P.O. Box 4069
Harare
Zimbabwe

LESOTHO

Mr Benjamin F. Ntsie SEBATANE
Deputy Principal Secretary
Ministry of Trade and Industry
P.O. Box 747
Maseru
Lesotho

Ms Crescentia Mamotsielehi AKHOSI
Director, Department of Business Extension
Services
Basotho Enterprises Development Corporation
P.O. Box 1216
Maseru
Lesotho

MALAWI

Mr Richard CHILINGULO
Acting Chief Industrial Development Officer
Ministry of Trade, Industry and Tourism
P.O. Box 30366
Lilongwe 3
Malawi

Mr P.B. GIVAH
Industrial Development Officer
Ministry of Trade, Industry and Tourism
P.O. Box 30366
Lilongwe 3
Malawi

MALAWI (cont'd)

Mr Venansio Yustino KAPALAMULA
Projects Manager
Malawi Development Corporation
P.O. Box 566
Biantyre
Malawi

MAURITIUS/MAURICE

Mr Ashok Kumar Premduth AUBEELUCK
Principal Industrial Development Officer
Ministry of Industry
7th Floor Government House
Port Louis
Mauritius

TANZANIA/TANZANIE

Ms Edine Ernest MANGESHO
Senior Industrial Economist
Ministry of Industries and Trade
P.O. Box 9503
Dar-es-Salaam
Tanzania

Mr Daniel Kazoya RULAGORA
Director
Extension Services and Training
Small Industries Development Organization
(SIDO)
P.O. Box 2476
Dar-es-Salaam
Tanzania

Mr Emmanuel Mutalemwa KAKURU
Management Consultant
TISCO
P.O. Box 2650
Dar-es-Salaam
Tanzania

UGANDA/UGANDA

Mr Patrick WANJALA-WERE
Senior Industrial Officer
Ministry of Industry and Technology
P.O. Box 7125
Kampala
Uganda

Mr Frederic James RWASKISETA-TINAAGO
Project Manager
Uganda Development Corporation
P.O. Box 7042
Kampala
Uganda

UGANDA/UGANDA (cont'd)

Mr John Shafita IKARA
Director of Projects
Serefaco Consultants Ltd
P.O. Box 9612
Kampala
Uganda

ZAMBIA/ZAMBIE

Mr Daniel Malumo MAUZU
Economist
Ministry of Commerce and Industry
P.O. Box 31968
Lusaka
Zambia

Mr Gerald TEMBO
Economist
Ministry of Commerce and Industry
P.O. Box 31968
Lusaka
Zambia

Mr S.B. MAKASA
Trade Commissioner
Zambia High Commission
P.O. Box 4698
Harare
Zimbabwe

Mr W. MUTALE
UNIDO Consultant
Village Industry Service
P.O. Box 35500
Lusaka
Zambia

Ms Hellen Chanda CHILUPE
Corporate and Economic Planning Manager
INDECO Ltd
P.O. Box 31935
Lusaka
Zambia

ZIMBABWE

Mr Calistus D. NDLOVU
Minister of Industry and Technology
Ministry of Industry and Technology
P.O. Box 8434
Causeway
Harare
Zimbabwe

ZIMBABWE (cont'd)

Mr Sam GEZA
Permanent Secretary for Industry and
Technology
P.O. Box 8434
Causeway
Harare
Zimbabwe

Mr Anthony NDORO
Deputy Secretary for Administration and
Finance
Ministry of Industry and Technology
P.O. Box 8434
Causeway
Harare
Zimbabwe

Mr Albert DUBE
Acting Deputy Secretary
Ministry of Industry and Technology
P.O. Box 8434
Causeway
Harare

Mr Charles C. NHARI
Under-Secretary
Ministry of Industry and Technology
P.O. Box 8434
Causeway
Harare
Zimbabwe

Mr Kelbert NKOMANI
Assistant Secretary
Ministry of Industry and Technology
P.O. Box 8434
Causeway
Harare
Zimbabwe

Mr Philip M.M. VELAPHI
Acting Under-Secretary
Ministry of Finance, Economic Planning and
Development
Private Bag 7705
Causeway
Harare
Zimbabwe

ZIMBABWE (cont'd)

Mr Jonas S. ZVEMHARA
Senior Administrative Officer
Ministry of Finance, Economic Planning and
Development
Munhumutapa Building
Harare
Zimbabwe

Dr. Samson S. WINGWIRI
Senior Administration Officer
Ministry of Trade and Commerce
P.O. Box 7708
Causeway
Harare
Zimbabwe

Mr Huggins MAPIMBIRO
Administrative Officer
Ministry of Trade and Commerce
P.O. Box 7708
Causeway
Harare
Zimbabwe

Mr N.N.M. MUNETSI
Director of Industrial Training
Ministry of Higher Education
P.O. Box BE250
Belvedere
Harare
Zimbabwe

Mr I.C. CHIRI
Scientific Liaison Officer
Office of the President and Cabinet
Harare
Zimbabwe

INTERGOVERNMENTAL ORGANIZATIONS/ORGANISATIONS INTERGOUVERNEMENTALES:

ECA/CEA

Mr Martyn A.R. NGWENYA
Chief
Industrial Policies, Planning and
Institutions Section
Economic Commission for Africa
P.O. Box 3005
Addis Ababa
Ethiopia

PTA/ZEP

Mr J.E.O. MWENCHA
Director of Industry
Preferential Trade Area for Eastern
and Southern African States
Ndeke House Annexe
Haile Selassie Avenue
P.O. Box 30051
Lusaka
Zambia

Mr J.A. ALELE OPIO
Senior Industrial Expert
Preferential Trade Area for Eastern and
Southern African States
Ndeke House Annexe
Haile Selassie Avenue
P.O. Box 30051
Lusaka
Zambia

Mrs Ruth C. SAKALA
Secretary
Preferential Trade Area for Eastern and
Southern African States
Ndeke House Annexe
Haile Selassie Avenue
P.O. Box 30051
Lusaka
Zambia

UNIDO/ONUDI SECRETARIAT

Mr Louis ALEXANDRENNE
Deputy Director-General
Department of External Relations, Public
Information, Language and Documentation
Services

Mr Shadrack N. NDAM
Chief
Co-ordination Unit for the Industrial
Development Decade for Africa
Office of the Director-General

Mr Peter LILLIE
Chief
Policy Planning and Management Staff
Office of the Director-General

Mr Derick HANIPH
Chief
Budget Section
Financial Services Division
Department of Administration

OBSERVERS/OBSERVATEURS

COUNTRIES:

ANGOLA

Mr André PANZO
Second Secretary of Angolan Embassy in
Zimbabwe
Embassy of Angola
Cnr Speke Avenue/Angwa Street
Harare
Zimbabwe

BURUNDI

M. Elie NDIKUNKAVYI
Directeur général de l'Industrie
Ministère du Commerce et de l'Industrie
B.P. 492
Bujumbura
Burundi

SOMALIA/SOMALIE

Mr Cleveland THOMAS
Adviser to Ministry of Industry and Commerce
United States Embassy/USAID/ISTI
Mogadiscio
Somalia

ZIMBABWE

Ms Sabina T. ZUNGUZE
Statistical Economist
Confederation of Zimbabwe Industries
CZI 109 Rotten Row
Harare
Zimbabwe

Mr Hector KENA
Liaison Officer
Ministry of Industry and Technology
P.O. Box 8434
Causeway
Harare
Zimbabwe

ZIMBABWE (cont'd)

Mr Timothy KANYOWA
Assistant Secretary
Ministry of Industry and Technology
P.O. Box 8434
Causeway
Harare
Zimbabwe

Mr Luke MUNYAWARARA
R & D Manager
IDC
93 Park Lane
P.O. Box 8531
Causeway
Harare
Zimbabwe

Mr John Anthony DEARY
Deputy President
Confederation of Zimbabwe Industries
P.O. Box 88
Harare
Zimbabwe

Mrs Angela MASHANYARE
Group Project and Development Manager
Confederation of Zimbabwe Industries
T.A. Holdings
Harare
Zimbabwe

Mr Keith ATKINSON
Consultant
Confederation of Zimbabwe Industries
P.O. Box 88
Harare
Zimbabwe

Mr Jonas BUNGU
Executive Manager, Projects and Development
ZISCO
Private Bag 2
Redcliff
Zimbabwe

INTERGOVERNMENTAL ORGANIZATIONS/ORGANISATIONS INTERGOUVERNEMENTALES:

ADB/BAD

Mr Tsiambu Sixtus VUSI
Principal Financial Analyst
African Development Bank
01 P.O. Box 1387
Abidjan
Côte d'Ivoire

ADB/BAD (cont'd)

Mr El Sadig MUSA
Principal Industrial Engineer
African Development Bank
01 P.O. Box 1387
Abidjan
Côte d'Ivoire

AIHTTR/IAFTSR

Prof. Dr. M.F. SAAD
Director-General
African Institute for Higher Technical
Training and Research
P.O. Box 53763
Nairobi
Kenya

ECA MULPOC/CEA MULPOC

Mr Stanley J. WALTERS
Officer-in-Charge
ECA MULPOC Office
P.O. Box 30647
Lusaka
Zambia

ESAMI

Mr Chanza SIMUYEMBA
Management Consultant
Eastern and Southern African Management
Institute
P.O. Box 3030
Arusha
Tanzania

ESAMRDC

Dr. Wilfred Chisha LOMBE
Mineral Processing Engineer
Eastern and Southern African Mineral
Resources Development Centre
P.O. Box 1250
Dodoma
Tanzania

PTA Bank/Banque de la ZEP

Mr Kariuki Wilson MWANGI
Project Adviser
Eastern and Southern African Trade and
Development Bank (PTA Bank)
P.O. Box 1750
Bujumbura
Burundi

UNDP/PNUD

Mr D. DRAGIC
Resident Representative
UNDP
Cnr First/Union Avenue
P.O. Box 4775
Harare
Zimbabwe

UNDP/PNUD (cont'd)

Mr Hans-Joerg FRIEDRICH
UNIDO Junior Professional Officer (JPO)
c/o UNDP
UDC Building Cnr First/Union Avenue
P.O. Box 4775
Harare
Zimbabwe

ANNEX II

AGENDA

1. Opening of the meeting.
2. Organization of the meeting:
 - Election of Chairman, Vice-Chairmen and Rapporteur of the meeting;
 - Adoption of the Agenda and Programme; and
 - Organization of work.
3. Review of progress made in the implementation of the initial integrated industrial promotion programme and revision of the initial integrated industrial promotion programme and strategy for implementation.
4. Promotion of subregional industrial co-operation programme in selected areas:
 - Industrial training;
 - Industrial consultancy and engineering services; and
 - Small-scale industrial entrepreneurship.
5. Adoption of the report of the meeting.
6. Closure of the meeting.