



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

18577

Distr.
LIMITED
PPD.174(SPEC.)
6 September 1990

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

ORIGINAL: ENGLISH

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

6-7 October, 1990, Tunis, Tunisia

REVISED INTEGRATED INDUSTRIAL PROMOTION PROGRAMME

FOR THE NORTH AFRICAN SUBREGION

PROPOSALS FOR THE SUBREGIONAL PROGRAMME

FOR THE SECOND IDDA

Background document**

Prepared by
the UNIDO Secretariat

5/76

* This meeting is being organized by UNIDO, in co-operation with the Government of Tunisia.

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

TABLE OF CONTENTS

<u>Chapter</u>	<u>Paragraph</u>	<u>Page</u>
INTRODUCTION	1-36	1
1. Objectives and content of the report	1-10	1
2. Subregional co-operation within the context of the IDDA	11-16	3
3. The North African economic context	17-36	5
I. EVALUATION OF SUBREGIONAL INDUSTRIAL CO-OPERATION AND IDENTIFICATION OF SUBREGIONAL PRIORITIES	37-80	11
I.1 Legal framework and policies	42-51	12
I.2 Direct industrial project promotion	52-58	14
I.3 Industrial support services	59-74	17
I.4 Trade policies	75-80	20
II. PREPARATION OF THE SUBREGIONAL INDUSTRIAL DEVELOPMENT PROGRAMME FOR THE SECOND IDDA	81-94	22
II.1 Objectives, strategies and policies	81-92	22
II.2 Selection of priority investment programmes	93	24
II.3 Costing of the programme	94	24
III. MODALITIES FOR FORMULATION AND IMPLEMENTATION	95-121	26
III.1 Modalities for formulation	95-97	26
III.2 Modalities for implementation	98-114	26
III.3 Promotion, co-ordination and monitoring of the programme	115-121	33
References		36
Annex: Project information and project profiles		37

INTRODUCTION

1. Objectives and content of the report

1. The strengthening of economic co-operation and integration at regional and subregional levels as a means to achieve self-reliant and self-sustaining economic and social development, in accordance with the principles of the Lagos Plan of Action (LPA), was one of the objectives stated in the programme of the first Industrial Development Decade for Africa (IDDA). In this context, a programme of industrial co-operation in the North African subregion was elaborated in 1984 and revised in 1988 during two meetings on industrial subregional co-operation within North Africa which were held under the first IDDA, the first meeting at Tunis (Tunisia), in 1984, and the second one at Tangier (Morocco), in 1988^{1/}.

2. The present document, which aims at providing inputs for the preparation of the second IDDA subregional programme for North Africa, is based on a critical revision of the integrated industrial promotion programme for the North African subregion prepared following the Tangier Meeting in 1988. It thus serves as a basis for discussion at the second follow-up subregional meeting on the promotion of intra-African industrial co-operation within the framework of the IDDA.

3. The preparation of the programme for the second IDDA provides an opportunity to re-assess industrial strategies and policies at both the national and subregional levels. Accordingly, the holding of this subregional meeting will serve the countries of the North African subregion as an opportunity to analyze jointly the current subregional programme and to elaborate common industrial strategies for the coming decade in order to optimize the use of national resources and capabilities at the subregional level.

4. The North African subregion considered in this report comprises not only the countries of the Tangier MULPOC (Multinational Programming and Operational Centre) as defined by the Economic Commission for Africa (ECA), i.e. Algeria, Egypt, Libyan Arab Jamahiriya, Morocco, Sudan and Tunisia, but also Mauritania, as agreed in the previous subregional meeting for North Africa.

5. In the preparation of the present report due attention has been given to the effects of the creation of the Union du Maghreb Arab (UMA) and of the new realities and trends in all the North African countries. Moreover, the recommendations of the mid-term evaluation of the first IDDA^{2/}, as well as the objectives and modalities outlined for the second IDDA, and the progress in the implementation of the IDDA subregional programme, which are expected to foster the promotion of intra-African linkages and industrial co-operation in the North African subregion, have also been carefully considered in the revision of the programme. In particular, the following issues have been taken into account:

- The proclamation of 1991-2000 as the second Industrial Development Decade for Africa, which leads to a re-evaluation of the industrialization process in all African countries on the basis of the new priorities and objectives of the second IDDA.

- The changes in the co-operation pattern in the subregion with the establishment in February 1989, of the "Union du Maghreb Arabe" (UMA) grouping Algeria, Libyan Arab Jamahiriya, Mauritania, Morocco and Tunisia. In addition, Egypt joined Iraq, Jordan and North Yemen (now Republic of Yemen) in the Arab Co-operation Council (ACC), while Sudan, which at present is not represented in these groups, has enhanced its links with Libyan Arab Jamahiriya with the signing of a treaty in March 1990 that paves the way for a future unification between the two countries;
- The role played by the League of Arab states, mainly through its body Arab Industrial Development and Mining Organization (AIDMO), (previously called AIDO) in promoting industrial co-operation among all Arab nations to which all the North African countries belong;
- The emerging "regionalization" process in the international scene, with new alliances and trade blocks, as well as the enhancement of the role to be played by the private sector.

6. The revision of the previous integrated industrial promotion programme, presented here as an input for the preparation of the subregional programme for the second IDDA, has been prepared by the UNIDO Secretariat. It is based on information and documents available at UNIDO Headquarters, and on statistical data and other information collected during two preparatory missions fielded by UNIDO in the member countries of the subregion. These missions gathered the data and information from representatives of governmental institutions and research centres concerned with economic development and industrial co-operation, as well as from industrial enterprises.

7. Some of the countries visited were not in a position to provide the members of the mission with all the necessary information on the status of projects included in the previous programme or they were not able to propose new projects for possible incorporation in the new subregional programme. Therefore, the list of projects should be considered tentative for the purpose of examination at this subregional meeting.

8. The different stages of progress achieved in the implementation of the various industrial co-operation projects in the subregion and the different actions required, such as rehabilitation or expansion of existing industries, feasibility and market studies, investment fora and consultations on specific industries, etc. have suggested the use of a new project classification, according to which the projects, which are described in the Annex, have been classified: (A) projects in operation; (B) projects in the course of implementation; (C) new/old projects at the idea stage; (D) projects withdrawn;

9. The structure of the report is as follows. The objectives of the report, subregional co-operation within the context of the second IDDA, and the North African economic context are outlined in the introduction. Chapter I then presents the evaluation of current industrial co-operation in the subregion, including direct industrial project promotion, industrial support services, the legal framework and policies, and trade policies in the subregion. In the second chapter, the objectives, strategies and policies, the selection of priority investment programmes, and indications of the costing of the programme are given as an input for the preparation of the subregional programme for the second IDDA. The modalities for the formulation, implementation, promotion, co-ordination and monitoring of the programme are outlined in the third chapter. Project profiles and further information about the projects included in this revision of the integrated programme are given in the Annex.

10. The Meeting is thus invited to focus its attention on chapters I, II and III, which provide inputs for the preparation of the subregional programme for the second IDDA according to the structure outlined in the "Framework and Guidelines for action at the national and subregional levels for the preparation of the programme for the second IDDA (1991-2000)"^{3/}. On the basis of these chapters, the Meeting may decide to make recommendations to the relevant subregional organizations which are entrusted with the responsibility of preparing the subregional programme for the second IDDA.

2. Subregional Co-operation within the context of the IDDA

11. Following resolution 2(IX) adopted by the Conference of African Ministers of Industry, at its ninth meeting, held at Harare (Zimbabwe) 29-31 May 1989, on the proclamation and formulation of a programme for the second Industrial Development Decade for Africa (IDDA), the United Nations General Assembly, at its forty-fourth session by resolution 44/237, proclaimed 1991-2000 as the second IDDA. The UNIDO third General Conference, held at Vienna (Austria), 20-24 November 1989, also adopted resolution GC.3/Res.10 on the second IDDA.

12. The second IDDA cannot be viewed in isolation. It is not, by any means, regarded as a totally new approach to African industrial development. At no stage have the leaders, planners and policy makers of Africa lost sight of the fundamental approaches of the first IDDA. Indeed, these principles have been re-iterated and re-affirmed. The struggle for achieving the industrialization of Africa is viewed as a continuous process and will no doubt spill over into the twenty-first century. The fundamental goal of IDDA, derived from the Lagos Plan of Action is to achieve self-reliance and self-sustainment in the African continent. More specifically, IDDA's principal objectives are:

- To use the instrument of industrialization as a means of attaining self-reliance and self-sustainment;
- To reduce the traditional dependency on forces outside the continent;
- To promote internal engines of growth;
- To stimulate and increase the use of domestic factor inputs;
- To promote the establishment in Africa of core and strategic industries;
- To develop critical national capabilities, human institutional and infrastructural for project design, project execution, negotiating skills, mobilization of financial resources, support services, entrepreneurship and business management;
- To promote regional and subregional co-operation as a practical means of enlarging markets, establishing multinational core projects and strengthening the interdependent physical and institutional infrastructure.

13. These basic aims remain as valid as ever and will continue to underpin the strategy of the second IDDA. However, keeping in mind the crisis situation faced by Africa during the eighties, the problems of food deficit and heavy external debt, and noting the inadequate utilization of existing assets, the immediate objectives of the second IDDA have been expanded to cover some concrete and pragmatic areas of action, including:

- To promote the consolidation of existing investments, through rehabilitation of ailing industries and revitalization of the public enterprise sector;
- To expand existing assets and promote new investments, particularly in core industries, keeping in mind national endowments, markets, financial capabilities and viability based on sound commercial and socio-economic considerations;
- To promote the creation and upgrading of all types of human skills required for integrated industrial development;
- To develop an appropriate supporting physical infrastructure;
- To improve the quality and range of the institutional infrastructure;
- To pay special attention to the needs of Least Developing Countries;
- To strengthen and extend programmes of regional and subregional co-operation.

14. The ninth meeting of the Conference of African Ministers of Industry, in decision 2(IX), in particular, re-affirmed the importance of implementing industrial co-operation programmes at the subregional level. Co-operation should be promoted among the countries in the four African subregions, both through the implementation of projects already identified in the existing programmes, and through activities in other priority areas, such as infrastructure, training, and services to industry and trade.

15. While the programmes for the second IDDA will be based on the general objectives stated in the first decade, in consideration of the mid-term evaluation of the previous IDDA programme ^{2/} a series of adjustments and changes should be applied. The major substantive change in the approach for the preparation of the second IDDA programme is that African countries are responsible as initiators and formulators of the programme. The role of regional and international organizations is to provide assistance and support for the preparation and implementation of the IDDA programme.

16. To assist African countries in the preparation of their national and subregional programmes for the second IDDA, the objectives and modalities to strengthen or to establish new mechanisms to ensure effective follow-up and monitoring the implementation of the programme, have been spelled out in the previously mentioned reference document, jointly prepared by OAU, ECA and UNIDO, the "Framework and guidelines for action at the national and subregional levels for the preparation of the programme for the second IDDA (1991-2000)" ^{3/}.

3. The North African economic context

17. The political and social structure of North Africa have significantly changed during the past 30 years. North African countries have largely benefited from the increased revenues from hydrocarbons and phosphates, as well as from foreign aid, from Arab and non-Arab sources, with more than \$300 billion invested in the region ^{4/}. Nevertheless, in the past decade the sharp decline in aid and investment flows to all developing countries and the world-wide debt crisis have affected the North African subregion with a general reduction in investment flows and technology transfer and an increase in the debt burden. Figures provided by the World Bank show that the combined external debt for Algeria, Egypt, Morocco, Mauritania, Tunisia and Sudan amounted to over \$115 billion in 1988, with Egypt accounting for almost half of it (43.3 per cent). (see Tab.1). The overall GDP for the seven countries of the subregion amounted to some \$ 141 billion in 1989, while the subregion's Manufacturing Value Added reached \$18.7 billion in the same year.

Table 1. North African countries: Estimated total debt, 1988
(\$ million)

	Total Debt	Percent
Algeria	24,850	21.5
Egypt	49,970	43.3
Morocco	19,923	17.3
Tunisia	6,672	5.8
Mauritania	2,076	1.8
Sudan	11,853	10.3
TOTAL	115,344	100.0

Source: World Bank, UNIDO.

Table 2. North Africa: Gross Domestic Product (1975 - 1989)
(\$ million)

Country	1975	1985	1989*
Algeria	14,286.1	56,476.7	47,185.7
Libya	12,768.1	27,958.1	24,757.8
Mauritania	475.9	716.3	987.4
Morocco	8,981.8	12,873.0	23,709.3
Tunisia	<u>4,335.6</u>	<u>8,280.3</u>	<u>9,997.9</u>
Total/Average UMA	40,847.5	106,304.4	106,638.1
Egypt	13,335.1	26,298.0	24,289.7
Sudan	<u>4,338.4</u>	<u>5,578.7</u>	<u>10,113.3</u>
Total Subregion	58,521.0	138,181.1	141,041.1

* Estimated figure

Source: Arab Fund for Economic and Social Development, 1990, UNIDO.
All figure at current prices.

**Table 3. Manufacturing value added in North Africa,
1975 - 1989 at current prices
(\$ million)**

Country	1975	1985	1989
Algeria	1,451.6	8,177.8	5,269.1
Libya	277.6	1,233.2	1,803.9
Mauritania	21.3	29.4	30.4
Morocco	1,489.5	2,679.8	5,760.4
<u>Tunisia</u>	<u>384.8</u>	<u>980.2</u>	<u>1,442.6</u>
Total UMA	3,624.8	13,100.4	14,306.4
Egypt	2,248.9	3,701.7	3,671.4
<u>Sudan</u>	<u>397.1</u>	<u>497.0</u>	<u>776.2</u>
Total subregion	6,270.8	17,299.1	18,754.0

Source: Arab Fund for Economic and Social Development, 1990, UNIDO. All figure at current prices.

**Table 4. North Africa: Share of manufacturing value added in Gross
Domestic Product, 1975 - 1979
(per cent)**

Country	1975	1985	1989
Algeria	11.0	11.9	12.1
Libya	1.8	4.5	7.6
Mauritania	5.0	6.2	6.1
Tunisia	10.1	13.5	16.3
Morocco	<u>17.3</u>	<u>22.4</u>	<u>26.1</u>
Average UMA	9.0	11.7	13.6
Egypt	17.4	14.3	16.6
<u>Sudan</u>	<u>9.7</u>	<u>9.6</u>	<u>8.3</u>
Average subregion	10.7	12.5	13.3

Source: Arab Fund for Economic and Social Development, 1990, UNIDO. All figures as a percentage of GDP in current prices.

18. Although the combined North African Manufacturing Value Added (MVA) in 1989 registered more than a threefold increase over the \$6.2 billion figure recorded in 1975, manufacturing still accounted for only 13.3 per cent of total North African gross domestic product in 1989 ^{5/}. Tables 2 and 3 show the growth of GDP and MVA for the North African countries between 1975 and 1989, while table 4 shows the changes in the share of MVA in GDP for the countries of the subregion over the same period.

19. Other key factors to be considered in analyzing the current economic context and the development potential in North Africa in order to assess sound policies and strategies for industrial co-operation are the increasing demographic pressure, not sufficiently supported by economic growth, and the exposure and sensitivity to external financial resources and know-how.

20. The establishment of the Arab Maghreb Union (UMA) in February 1989 grouping Algeria, Libyan Arab Jamahiriya, Tunisia, Morocco and Mauritania, is being followed by concrete measures to integrate the five states politically, economically and culturally. Agreements on setting up a unified parliament were being drafted in the first half of 1989, and work is progressing in five key committees, including one to promote economic and trade integration, which should produce new combined legislation governing the development of joint venture industrial and manufacturing projects in the five states.

21. The five states, concerned that the creation of a single European market in 1992 could lead to a reduction in their exports to the European Community and in the demand for North African labour, with consequent negative effects on their high rates of unemployment and on their substantial burden of foreign debt, are moving rapidly towards economic integration in order to be able to compete as an economic entity and not as a individual states in an increasingly competitive financial and economic environment. An encouraging sign is that the new union is already attracting significant foreign capital inflows. As negotiations accelerate towards developing new areas of co-operation within the region and with the European Community and as new investment regulations are being implemented, this trend is expected to increase.

22. The UMA countries, as a whole, are well endowed with natural resources: oil, natural gas, phosphates and fishing resources. The population, which is growing rapidly (18 million in 1956, approximately 60 million at present, and an estimated 100 million in 2000), is well educated by African standards. Imports have expanded greatly, primarily to provide technology and services to sustain the growth of the industrial sector and to satisfy the consumption needs of the growing population. The Maghreb countries are still heavily dependent on imports of manufactured products, which represent two-thirds of total imports, approximately \$20 billion in 1988. Import substitution policies have focused on light industries as well as intermediate products and equipment, while the positive progress in exports, registered in particular by Tunisia and Morocco, have not been facilitated by trade barriers in the developed world. Intra-regional trade flows remain very modest (few percent) and more than two thirds of the Maghreb trade is directed toward EEC countries.

23. Morocco, with a share of MVA in GDP of just over 26 percent in 1981, is the most industrialized country in the subregion, followed by Egypt, Tunisia and Algeria. Morocco's share in the overall MVA of the subregion amounted to 30.7 per cent in 1989. Libya and Mauritania are still largely dependent on a single commodity for the bulk of their national income.

24. The growth of Algeria's MVA was adversely affected both by the drop in commodity prices and the rising level of its foreign debt. By contrast, Morocco benefited from the expansion of the world demand for phosphates and their derivatives. Investment in chemical complexes, sugar refinery and mineral processing plants, as well as in the transport sector and the rapid growth of small-scale private light industry have created a large and profitable industrial base.

25. Tunisia has had a similar industrial development pattern, with concentration on textile production for export. The country also produces petroleum refinery products and has access to inexpensive natural gas feedstock for industry and to provide electricity and water.

26. In Libya, massive public spending has been mainly diverted to the great Man-made River project. However, institutional support has been given to sustain local manufacturers that make use of local raw materials, leading to the expansion of private and small-scale industries producing consumer and intermediate goods. Chemical production and iron and steel production from the huge Misurata complex comprise the country's industrial base.

27. Mauritania has a modern mining sector based on its large reserves of high-grade iron ore, which have important potential for development. The main manufacturing sub-sector is fish processing ^{6/}.

Table 5. Composition of manufacturing value added at 1980 prices: 1987
(percentage)

Country	Branch of manufacturing industry a/					
	31	32	35	37	38	other
Algeria	20.1	16.6	7.3	12.5	23.6	19.9
Libya*	40.6	7.6	34.9	2.8	3.2	10.9
Mauritania*	91.1	2.9	-	-	2.6	3.4
Morocco	32.1	29.4	9.4	0.6	11.3	17.2
Tunisia**	20.4	19.1	14.0	3.8	10.3	35.4
Egypt	23.9	23.4	19.4	8.8	15.1	9.4
Sudan*	39.5	17.5	14.6	3.8	7.6	17.0

Source: Industrial Statistics and Sectoral Surveys Branch, UNIDO.
Based on a data supplied by the UN Statistical Office, with estimates by the UNIDO Secretariat.

* 1980

** provisional figures

a/ Categories of manufacturing industry classified according to the International Standard Industrial Classification of all Economic Activities (ISIC); 31 is Manufacture of Food, Beverages and Tobacco; 32 is Textile, Wearing Apparel and Leather Industries; 35 is Manufacture of Chemicals and Chemical, Petroleum, Coal, Rubber and Plastic Products; 37 is Basic Metal Industries and 38 is Manufacture of Fabricated Metal Products, Machinery and Equipment.

28. The economic performance of the Egyptian economy in recent years ^{1/} has been characterized by limited growth, mainly as a result of the sharp decline in external revenues from petroleum. Egypt's population is estimated at over 50 million, with an annual growth rate of about 2.7 per cent. The agricultural sector accounted in 1987 for 16.9 per cent of GDP, and the total industry activity, including mining and quarrying, electricity, gas and water and manufacturing was 26.6 per cent, compared to 22.6 per cent in 1975. The share of manufacturing in GDP has fallen from 16.2 per cent in 1975 to 15.1

per cent in 1989. In 1987 the agro-based subsector accounted for 47.3 per cent of MVA, machinery and equipment 15.1 per cent, chemicals 19.4 per cent, and the remaining 18.2 per cent in all other branches. The current development plan, which aims at increasing private investment in industry in order to reduce imports of both raw materials and consumer goods and to promote industrial exports, is expected to increase the industrial component of GDP.

29. Sudan, classified by the World Bank as a low-income/highly indebted country, has a population of some 23 million, which is growing at an estimated rate of 2.7 per cent in 1988-2000. Despite its high agricultural potential, the country stands in a weak position in the subregion, with per capita income of only \$480, and a huge debt burden. The economy depends largely on agriculture, accounting for about 33.7 per cent of GDP in 1987. The manufacturing sector employs about 200,000 people and the share of MVA in GDP was 8.3 per cent in 1989 (9.7 per cent in 1975). The main industrial branches are food processing (oil and sugar), textiles, leather and chemicals, which provided some 72 per cent of the total MVA in 1980 ^{8/}.

Industrial policies and privatization plans

30. In Algeria, the constitutional changes made in 1988, led to a political liberalization with a shift to a more mixed economy. The role of the public sector is being reduced, and increasing incentives are being introduced for both private and foreign investment in industry, including measures to remove existing financial constraints, in order to promote the establishment of privately owned factories in the hydrocarbons, food processing and other manufacturing sub-sectors. Other measures have been taken to promote joint ventures involving foreign participation with the approval in March 1990 by the Algerian National Assembly of an investors and banking law which opens the country to foreign investment in fields other than oil exploration. Foreign investors will be allowed to own up to 100 per cent of companies and to repatriate all profits. Foreign banks will be allowed to set up representative branches and the banking system will gain greater autonomy.

31. In Libya, as in Algeria, most heavy industry, including oil refining and petrochemicals, is state-owned. The fall in oil export revenues experienced in the second half of the 1980s has hindered economic development. In response to the decline in available financial resources and the consequent reduction in government spending, private Libyan investors have been encouraged to set up factories producing consumer goods for the local market since 1987, and actions are being taken to facilitate the gradual expansion of the role of individuals and co-operatives in the economy. In this perspective, Libya is in the process of transferring some medium-sized industrial concerns to the private sector and re-opening privately-owned small workshops specializing in maintenance and repair.

32. Both Tunisia and Morocco have long encouraged the establishment of private enterprises and have created specific incentives for foreign investors as well. Tunisia has expanded these incentives even more in the past two years as its traditional revenues from the export of crude oil, gas and phosphates have diminished due to falling world prices for these commodities. In particular, Tunisia's Agence de Promotion de l'Industrie (API) has been in the forefront of measures to attract foreign firms and joint ventures in textiles, plastics, electronics and other light industries producing goods for export, primarily to OECD countries. Furthermore, enterprises in textiles, tourist, building materials and trading are due to be turned over to the private sector within the next two to three years.

33. In Morocco, the Office pour le Developpement Industriel (ODI) has promoted joint ventures involving foreign participation in textiles and leather goods, electronics, food processing and fish canning plants. By the end of 1988, there were more than 1,200 textile and leather goods companies alone in Morocco, almost all of which were in the private sector with high participation of foreign investment. Morocco's industrial restructuring programme, which began in 1985, has involved the privatization of sugar refineries and, under pressure from the IMF, additional measures are being taken in the food processing, textiles and tourist sectors. The passage of recent legislation in Morocco will allow the establishment of companies and subsidiaries wholly-owned by foreigners.

34. Manufacturing industry in Mauritania is limited to a few small plants which exist alongside the large iron ore mines and the oil refinery, which are dominated by the government and other Arab investors. The manufacturing sector is mainly composed of private enterprises, and the investment and ownership structure is characterized by single entrepreneurs and family businesses. More recently, the government has launched divestiture programmes facilitating the participation of entrepreneurs in the industrial sector through the purchase of equity in restructured public companies. On the other hand, fish processing and canning, which account for the bulk of manufacturing, are mainly state-owned. Since 1980, any foreign government or company wishing to fish in Mauritania has been obliged to set up a joint venture in Mauritania with at least a 51 per cent shareholding by the local company, and the entire catch must be landed in Mauritania for processing and export.

35. The industrialization process in Egypt has been characterized since 1974 by the progressive introduction of open-door policies. Changes in development priorities, in the institutional and legal set-up, in the industrial structure and ownership, have been geared towards a gradual introduction of market-based economic reforms. The current development plan 1987/88-1990/91, has been oriented towards maximizing private investment in the industrial sector, pursuing a stronger export-orientation, and reducing imports. Plans for privatizing several entities in the tourist and transport sectors are also going ahead. A new investment law was enacted in 1989 aimed at improving the investment environment in order to further enhance the role to be played by local, Arab and other foreign private capital and to overcome major administrative obstacles. Furthermore, adjustment programmes have been applied, introducing reforms of the financial system, such as devaluation of the central bank exchange rate, increasing interest rates and energy prices, as well as cutting the budget deficit and rescheduling debts. All these measures are expected to lead to new loans from the World Bank.

36. One of the main objectives of the recent Sudanese National Economic Salvation programme 1990-1993, is "to enhance the role of the private sector, whether national or foreign, to play a more active role in achieving the objectives of the programme and to reorient financial, economic and institutional structures to create a more conducive environment for private sector participation". The general policy is to reduce government involvement in the economy through the liquidation or the privatization (by creating mixed ownership companies) of state-owned enterprises in the agricultural sector, textiles, food and leather, the hotel industry, transportation and telecommunications. The programme also aims at eliminating administrative, legal and economic obstacles to investment, through the liberalization of export prices, amendments in banking regulations, issuing investment incentives, etc. However, measures concerning price liberalization and exchange rates policies are still under discussion with the IMF.

I. EVALUATION OF SUBREGIONAL INDUSTRIAL CO-OPERATION AND IDENTIFICATION OF SUBREGIONAL PRIORITIES

37. The contribution to the promotion of subregional co-operation in Africa, given within the framework of the first IDDA focused on assisting African countries in the preparation and implementation of integrated industrial promotion programmes in the four African subregions: Northern, Western, Central and Eastern and Southern. The current subregional programme for the North African subregion was approved at the last IDDA subregional meeting held at Tangier (30 May - 3 June 1988). At that meeting, which was attended by experts from Algeria, Egypt, Morocco, Sudan and Tunisia, the progress was reviewed concerning the implementation of the initial integrated industrial promotion programme, drawn up at the previous subregional meeting held at Tunis (7 - 10 March 1984).

38. The revised programme ^{1/} included 42 core projects covering agro- and agro-based industries, textiles, engineering, chemical, metallurgical, and building materials (13 from the initial programme and 29 new ones) and 12 support projects (6 projects from the initial programme and 6 new ones).

39. The implementation of the initial integrated industrial promotion programme for North Africa can be considered satisfactory. The changing political and economic conditions in the subregion are expected to remove the main obstacles for economic co-operation, and the increased communications between the co-operating countries should, thus, facilitate the implementation of subregional projects. Lack of progress on some of the given projects was due to the fact that those projects were still at the conceptual stage, and also they were included in the programme without preliminary studies and adequate data, and no serious consideration was given to their evolution.

40. The most serious constraints encountered in the formulation and promotion of subregional projects seem to have been in the areas of financial and human resources. The organizations entrusted with the responsibility for carrying out studies for joint or regional projects were often not accorded the necessary budgetary allocations for that purpose. While efforts have been made to mobilize financing from donor and funding institutions and bilateral technical assistance bodies, it has not been possible to bring together all the necessary funds. A more serious problem that was also frequently encountered related to the impossibility or difficulty of securing in developed countries appropriate technical partners, so as to effect the requisite transfer of technology (licenses, know-how, etc.). In addition, the major constraints for economic co-operation in the subregion, could be identified as follows:

- the disparities between natural resources, labour supply and markets within the region;
- lack of means and institutional arrangements for channelling investment to local manufacturing industries within the area;
- duplication of existing industries;
- limited support to entrepreneurial development and co-operation, as well as to the development of indigenous technology and industrial research;

- customs and trade barriers, and financial regulations and procedures; and
- an insufficient regional data and information network suitable to the creation of new market-oriented industries.

41. Although the markets in the subregion are considerable, and skilled industrial labour is widely available in countries such as Egypt, Tunisia and Morocco, the low per capita earnings and disposable income of large parts of the population can be a constraint on the ability to market certain manufactured products. Per capita annual incomes in 1988 range from \$480 in Mauritania and Sudan, \$660 in Egypt, \$830 in Morocco, \$1,230 in Tunisia, to over \$2,000 and \$5,000 in Algeria and Libya respectively. Reduced purchasing power and the lack of local credit facilities, for example, has played a role in the decline of the North African indigenous car industry. Moreover, the heavy indebted countries of the subregion which is characterized by shortages of foreign exchange and restrictions on vital raw material imports, will have to revise their monetary policies in order to facilitate the financial and investment flows.

1.1 Legal framework and policies

42. All of the North African countries, whether free market-oriented or centrally planned, are seeking to respond to the new challenges posed by rising debt, as well as to the changes in the international economic order through a generalized process of deregulation and liberalization of economic and political systems. As described in section 3 of the introduction, major reforms are being implemented that are aimed at facilitating the opening of the economy to private and foreign entrepreneurs, through the privatization of public enterprises and the creation of a more favorable investment climate.

43. Moreover, the experience of regional cooperation within the framework of the EEC, ASEAN and other economic communities has shown that when cooperation is limited to trade, it very rapidly meets its limits. Intra-regional trade co-operation becomes effective only within the framework of common industrial development policies. Against this background, North African countries are moving forward in this direction through the establishment of UMA and the continent through the creation of the African Economic Community and the adoption of investment, commercial, industrial and scientific protocols.

44. In the light of the new subregional co-operation patterns that are developing, the implementation of the subregional programme is increasing its chances of success. For example, the present situation in the subregion is considerably different from the conditions prevailing when the last subregional meeting on promotion of intra-African co-operation took place, i.e. before the creation of the Arab Maghreb Union.

45. The treaty creating UMA calls for "the strengthening of relations between member countries through the establishment of appropriate mechanisms which could lead to a progressive integration of their economy, as well as the formulation of common regulations to establish an effective inter-Maghreb solidarity to promote the economic and social development of member countries". During the meeting which took place in Tunisia, 21-23 January 1990, the Heads of State of Maghreb countries agreed to complete the treaty with regard to the following issues: (1) to establish a permanent headquarters for UMA and (2) to increase from 50 to 100 the number of Parliament

representatives in the Council. Meetings of the Economic Commission of UMA in October 1989 and May 1990 in Algeria led to the preparation of three projects, which were submitted to the agreement of the Head of States during the Fourth Maghreb Summit on 22 July 1990, and which covered the following subjects:

- Creation of a customs union between Maghreb countries;
- Protection, promotion and guarantee of investments among the Maghreb states;
- Regulations concerning double taxation and the setting up of cooperation on income tax.

46. After the signature of these agreements, the UMA Economic Commission is analyzing the following other key economic and political issues:

- the unification of commercial classifications;
- insurance and re-insurance matters;
- the creation of a Maghreb Bank of Investment and Foreign Trade;
- the preparation of a programme of action for economic development.

46. The preparation of the latter programme had required the launching of three major studies:

- a comparative analysis of the current state and economic structure of the member countries;
- a global study aiming at implementing the main programme leading to the Maghreb Economic Community (M.E.C.);
- a study on the sectoral programme of cooperation.

48. Although the core of co-operation and trade flows in North Africa are within the Maghreb countries, the commercial and political relations between Egypt and Sudan and the other countries of the subregion, have always been notable due to bilateral agreements within the context of the League of Arab States as well as to the subregional co-operation promoted by the first IDDA. These subregional co-operation, which has intensified in recent years, is usually governed by bilateral protocols of economic cooperation and through annual meetings of mixed commissions of cooperation.

49. Libya and Egypt have always co-operated, mainly in terms of expertise and labour force provided by Egypt and the flow of commodities and manufactured products. Recent agreements have led, inter-alia, to the implementation of agricultural projects in Libya involving land reclamation, well drilling and dam construction by Egyptian companies. Another co-operation agreement between Libya and Egypt, in the energy sector in particular, covers the manufacture of electrical equipment, as well as training and expertise in energy conservation.

50. Furthermore, Libya has recently provided a US\$10 million grant for agricultural investment in Sudan. As part of the Sudanese-Libyan Integration Chapter signed in March 1990, which stipulates the implementation of joint programmes covering the economic, financial, agricultural, commercial, energy and transport sectors. In particular, with the protocol recently signed between the two countries, Tripoli will import \$4 million worth of goats and sheep, \$8 million of cereals, \$9 million of oil seeds, yarn and perfumes, while Sudan will import fuel, chemicals, fertilizers, cement and caustic soda.

51. In addition to subregional changes in North Africa, other political actions to enhance intra-African co-operation are also being taken. In keeping with the mandate of the Lagos Plan of Action, the OAU Permanent Steering Committee elaborated a draft treaty on the establishment of the African Economic Community, which was adopted by that Committee in February 1990. The Treaty sets the principles, objectives and procedures, and describes the role of regional economic communities, liberalization of trade, freedom of movement, monetary and financial co-operation, the establishment of a community fund for development and co-operation in all the economic sectors. As far as the industrial sector is concerned the Treaty states:^{9/}

... "1. In order to integrate their economies, Member States shall harmonize their industrialization policies at the regional and continental levels. Accordingly, they shall:

- a) seek to achieve an endogenous industrial development at the sub-regional, regional and continental level;
- b) inform the General Secretariat of their regional development plans;
- c) exchange information on any industrial project to be set up in the sub-region;
- d) exchange experiences in industrial matters;
- e) exchange experts and information on industrial research.

Moreover, to achieve rational and harmonious industrial development, Member States shall:

- a) harmonize measures for stimulating industrial development by gradually establishing a homogeneous industrial environment;
- b) promote the establishment of large industrial units of a Community character;
- c) allocate Community projects in a balanced and harmonious manner among all other Member States;
- d) forbid the establishment of national industries which might compete with community industries satisfactorily meeting the needs of Member states of the community;
- e) strengthen existing multilateral institutions particularly, the African Regional Centre of Technology; The African Regional Centre of Planning and Industrial Production; The African Industrial Development Fund (AIDF)."

In order to implement the above a protocol on industrial co-operation is being drafted by OAU, with UNIDO contributing to its preparation and implementation.

I.2 Direct industrial project promotion

52. The new programme consists of 48 core projects with a substantial increase from the 19 core projects identified in 1984. The engineering industries branch now accounts for almost the 50 per cent of all the projects, while it represented only the 37 per cent in the initial package of projects in 1984. Eighteen projects are in agro- and agro-based industries and related upstream and downstream industries, such as fertilizers and agricultural machinery, in line with the priorities set up for the second IDDA.

53. Comparing the present set of projects with the 1988 programme, two projects have been withdrawn, while six new investment projects have been identified. In particular, proposals were made to include a project for the rehabilitation of an existing joint-venture factory producing cement and a programme of expansion of Mauritania-based fish-processing factories. Support actions are also needed for the other new projects incorporated in the programme, i.e. the production of graphite electrodes, which is under negotiation, the production of electrical control panels, the manufacture of sheetglass and the creation of a meat-processing centre in Mauritania. Ten core projects from the 1988 programme are under production but still require assistance, mainly in the forms of rehabilitation or of institutional support. These projects are therefore related to the programmes of consolidation and expansion as indicated in the Framework and Guidelines for the second IDDA. A further 14 projects are under implementation, meaning that a company has been created but it is still not in operation, or a feasibility or a market study has been carried out. The remaining projects are still at the idea stage.

**TABLE 7. CORE/INVESTMENT PROJECTS INCLUDED IN THE IDDA
SUBREGIONAL PROGRAMME FOR NORTH AFRICA**

BRANCH	1984	1988	1990
Agro- and Agro-based	2	5	7
Textiles	5	4	4
Engineering	7	21	23
Building material	3	4	5
Chemicals	2	7	8
Metallurgical	0	1	1
TOTAL	19	42	48

54. It is important to mention that as a consequence of the new subregional political and economic environment several new project ideas are under discussion, but only a few of them have been explicitly included in this programme. Bearing the above in mind, and in consideration of the different status of implementation of the projects, and the specific action required to implement the projects, all the projects have been re-classified as follows:

- (A) projects in operation
- (B) projects in course of implementation
- (C) projects at idea stage
- (D) projects cancelled.

55. Against this background, and according to objectives and modalities of the second IDDA, technical assistance should be addressed to the projects in the category A in terms of rehabilitation and restructuring, and to those in category C in terms of feasibility/market studies and other support activities. The projects in category B are generally at the negotiation stage between partners and institutions in the respective countries; therefore, investment promotion support may be required. Details concerning the description, the status of implementation, and the actions required of the projects included in this programme are given in the Annex.

56. An analysis of the causes for success or failure in the execution of the projects reveals that the projects in operation, mainly established on a bilateral basis, had already been well prepared before they were proposed for inclusion in the programme and were also facilitated by the favorable political and economic relations between the co-operating countries. Most of the projects under implementation are gaining new interest and chances of success in light of the new subregional set up, while the projects withdrawn are no longer considered eligible for regional scale.

57. Multinational industrial enterprises are projects in the development of which a number of countries are involved. Co-operation can take the form of equity participation, access to member country markets, providing management support on technical expertise or sharing in sponsor's responsibility for promoting the development of the project(s) in its (their) development. A meeting organized by UNIDO within the context of IDDA, in September 1989 in Vienna (Austria), analyzed in detail the identification, formulation, implementation and monitoring of Multinational Industrial Enterprises ^{10/}. A recent report from UNCTAD ^{11/} concerning multinational enterprises of Sub-Saharan Africa, also underlines the importance of multinational enterprises as agents or instruments of economic co-operation among developing countries. According to UNCTAD definition for such enterprises the multinational character of an enterprise is defined by three indicators: multinational capital, multinational decision-making, and multinational economic co-operation objectives.

58. North African countries are engaged in several of the multinational enterprises identified in the the UNCTAD report. The enterprises established by at least two countries of the subregion that are aimed at improving the institutional co-operation in the subregion are listed below:

Banque mauritanienne pour le commerce internationale (BMCI). Established 1974 by Mauritania and Egypt. Purpose: conduct of banking operations. Capital: 500 million ouguiya, 10 per cent held by the Banque centrale de Mauritanie and 90 per cent by Kuwaiti and Mauritanian private investors.

Société arabe libyenne-mauritanienne de ressources maritimes (SALIMAUREM). Established 1978 by Mauritania and Libyan Arab Jamahiriya. Purpose: processing of fisheries products and construction of a cold storage facility. Capital: 2.3 billion ouguiya, 50 per cent held by Mauritania and 50 per cent by Libyan Arab Jamahiriya.

Société algéro-mauritanienne de pêche (ALMAP). Established 1974 by Mauritania and Algeria. Purpose: processing of fisheries products. Capital: 230 million ouguiya, 51 per cent held by Mauritania and 49 per cent by Algeria.

Compagnie mauritanienne de navigation maritime (COMAUNAM). Established 1973 by Mauritania and Algeria. Purpose: marine transport and related activities. Capital is evenly divided between Mauritania and Algeria.

Banque arabe africaine mauritanienne (BAAM). Established 1984 by Mauritania and Egypt. Purpose: conduct of banking operations. Capital: \$150 million, 50 per cent held by Banque centrale mauritanienne and 50 per cent by Arab African International Bank (Egypt).

Banque arabe libyenne-mauritanienne pour le commerce extérieur et le développement (BALM). Established 1972 by Mauritania and Libyan Arab Jamahiriya. Capital: \$200 million, 51 per cent held by Libyan Arab Foreign Bank and 49 per cent by Mauritanian Government.

I.3 Industrial support services

59. The support projects component of the previous integrated industrial promotion programme for North Africa consisted of 12 projects, covering industrial training, improvement of industrial consultancy and management capabilities, development of local entrepreneurship, research and development, institution building and analysis and research on specific industrial branches. For the preparation of the subregional programme for the second IDDA, the industrial support services should be focused in the following areas:

- Research and development;
- Engineering design and product development;
- Management training and/or industrial skills development;
- Exchange of industrial information and market information;
- Technology development and adaptation;
- Standardization and quality control;
- Harmonization of investment policies;
- Infrastructure and industry-related sectors.

60. Accordingly, in the preparation of this report due attention was given to those issues that were not covered in the previous programme. Therefore, in addition to the twelve support projects included in the revised integrated industrial promotion programme and retained in this programme, five new support project ideas, discussed by various specialized committees and sub-committees within the context of UMA, have been included in this programme. These projects are outlined below:

61. Regional sectoral planning: Specialized committees dealing with the planning of sub-sectors are in charge of identifying and proposing to Maghreb decision makers, policies and strategies for the restructuring and/or the reorganization of a complete sub-sector, branch, or for one specific product. A technical assistance programme for the development of UMA sectoral planning capabilities would contribute substantially to enhancing industrial co-operation in the region.

62. Inter-Maghreb investments and harmonization of regulations and incentives for local and foreign investments: The objective of creating a Maghreb Custom Union for 1995 has been approved by the Heads of State during the meeting the 22nd of July 1990. This undertaking will imply to review, harmonize, and adopt common regulations in numerous aspects of institutional development and co-operation (classification, tax systems, incentives, protection, investments regulations, norms and standards, circulation of persons, goods and capitals between Maghreb countries etc.). Maghreb institutions and committees will need very diversified type of expertise, knowledge and experience to complement the efforts of local experts in the form of short-term consultancies on various specialized subject.

63. Maghreb incentives and technological co-operation: Activities are already underway in Maghreb countries to organize their scientific and technical co-operation. The central idea emerging from the specialized commission dealing with the subject seem to be the creation of a Maghreb university. Technical assistance could be provided in surveying the scientific and technical infrastructure in view of recommending a better articulation between existing facilities and actual requirements of the industrial sector, to avoid unnecessary duplications of training infrastructure, and to get a better use of existing and future human resources.

64. Establishment of a Maghreb information network: The building up of industrial co-operations in the region, requires easy access to reliable data, statistics and and information. Therefore, an information network linking and using existing data banks, information centres inside and outside Maghreb should be developed. The project will have to be linked with the UNIDO INTIB network, as well as with sub-contracting projects for the region.

65. Development of Maghreb capabilities in industrial consulting and engineering: Industrial consulting and engineering services in Maghreb are still in an early stage of development, apart from well-established services in the fields of construction and infrastructure. Thus, this area should continue to be a priority in the subregional context.

66. Studies on co-operation of Maghreb countries with other regional and subregional institutions: During the past year, UNIDO carried out three major studies dealing with regional co-operation between North Africa, Arab region and the OECD/EEC. The result of such analysis will be presented at the UMA meeting in Tunis (Tunisia) 3-5 October 1990, and are aimed at contributing to the co-operation process taking shape in North Africa.

67. Other project ideas that are being considered within the framework of the UMA, but are not at the present stage defined precisely (e.g. creation of a Maghreb Investment Bank; market analysis of the electronic and informatics subsectors; harmonization of regulations on industrial property, standards and norms), would be included in the subregional programme only when more information would be available. One additional support project: technical study on the use of by-product of sugar industry, suggested by the Sudanese authorities, could also be included in the subregional programme after the analysis of existing information and available studies.

68. In the field of infrastructure, natural resources, and other economic sectors with important linkages to industry, programmes are being developed to strengthen co-operation within the subregion. Again, in the context of the Maghreb countries, the co-operation and the process of harmonization, already underway, will be reinforced in the near and medium term. Accordingly, it would be important to include appropriate projects in the subregional programme for the second IDDA.

69. Agriculture remains a key source of employment in the subregion. However, inadequate attention to the supply of industrial inputs such as fertilizers, pesticides, insecticides and agricultural equipment, as well as the failure to develop industries with forward linkages to agriculture, have limited the expansion of the agricultural and agro-based sectors. In this connection, the enhancement of agro-industrial linkages has been identified as priority for the second IDDA, in order to promote both agricultural and

industrial growth. Co-operation in this crucial area is envisaged to create common policies for diversification of crops, environmental protection and pest control, as well as in the processing and marketing areas.

70. Most of the countries of the subregion (Algeria, Egypt, Libya and Tunisia) produce their own energy, some of them mainly for export. Thus, the subregion is generally self-sufficient in energy. Urban economies depend on commercial sources such as oil, natural gas, and hydroelectricity, and the recent growth in the use of commercial energy has been due to both domestic and industrial expansion in the subregion.

71. Oil, mining and quarrying are important activities in North Africa and represent the main source of revenues for the subregion. Most of these activities are undertaken by national companies in the public sector and production is mostly for export in raw or processed forms. North African countries have acquired substantial knowledge in the construction, operation and maintenance of mining and oil complexes; therefore there is potential for sharing this expertise within the subregion, as well as with other African and Arab countries.

72. The countries of the subregion can be divided into two groups: those whose water is provided by rivers and those dependent on rainfall and groundwater supplies. The former group, Egypt and Sudan, have an abundant supply of water, well-managed and distributed by means of dams and canals. The latter group, the remaining countries in the subregion, have water enough to meet short and medium-term requirements in both the agricultural and industrial sector. Nevertheless, investment in infrastructure and engineering work are necessary in order to make better use of existing resources so as to be able to satisfy long-term requirements.

73. While in the urban areas of the subregion the basic transport and communication infrastructure exists, and major cities have air or road links, the rural networks are generally under-developed. The railway network is relatively well-developed and offers effective transportation of goods at a reasonable cost in the large countries of the subregion such as Egypt and Sudan. Nevertheless, there are operational problems due to inadequate maintenance and repair of equipment and infrastructure. All the countries of the subregion have harbour facilities however, some are overcrowded while others are underutilized. The telecommunications services in most countries are comparatively very well-developed and they are being further improved.

74. Major steps are being planned to develop an integrated transport system in the Maghreb subregion. For example, plans are advancing for the creation of Air Maghreb, a joint airline to serve local markets and help integrate existing national airlines, and a study company has been recently established by the UMA with a capital of \$1 million for that purpose. Other prospects for joint actions to be investigated as a result of agreements among UMA transport ministers include a regional rail network and road programme that could lead to the construction of connections with Egypt and the revival of plans for a trans-Saharan highway linking north Africa with Mali, Niger and other West African states.

I.4 Trade policies

75. The bulk of trade flows of Maghreb countries is directed towards developed countries, mainly the EEC. These countries absorb excess production of the Maghreb region in hydrocarbons from Libya and Algeria, olive oil, textiles, leather products and phosphates from Morocco and Tunisia, fish and processed fish from Morocco and Mauritania, and iron ore from the latter. Developed countries supply the region mainly with manufactured products: food products, capital goods and intermediate products.

76. The inter-Maghreb trade is still very limited, and the share of UMA import and export to the total flows for each country is estimated to be as follows: Algeria, import 0.5% and export 1.4%; Tunisia 5.8% and 3.4%, Morocco 2.3% and 2.2%. The figures for Libya are not available, while for Mauritania, trade with other Maghreb countries is negligible.

77. Tunisia and Morocco seem to have the highest potential in increasing rapidly their share in the Maghreb market. Tunisia exports to Libya, Algeria and Morocco, olive oil, phosphates and some capital goods, Morocco supplies Libya and Algeria, and Tunisia with seeds for farming, household furniture, pharmaceutical products, textiles, leather, paper, capital goods, fishery products and phosphate-related products. Other recently increased trade concerns the supply of agricultural tractors and television sets from Algeria to Tunisia and Morocco, and natural gas to Tunisia as well as the flow from Mauritania to Algeria of frozen fish through a joint company established between the two countries.

78. Some of the most recent effects of the new co-operation pattern are, inter-alia, the signing of a co-operation agreement between Libya and Mauritania concerning fishing and agriculture, and the Libyan-Tunisian agreement directed towards facilitating movement of people and commodities, trade in locally produced goods, allowing capital transfer through organized channels and allowing property purchases by nationals of the other country.

79. Within Maghreb countries intensive negotiations are under way to lift obstacles and protection hampering the flow of trade, within the framework of a systematic approach aiming at establishing a custom union by 1995. The Economic Commission of UMA has recently prepared a draft of a General Convention aiming at a customs union on the following basis:

- the stipulation of the Maghreb Treaty which calls for the liberalization of the movement of persons, goods, services and capital with the union;
- the recommendations of the Council of the Presidents of UMA related to the implementation of all actions and measures leading to economic complementarity and integration between the economies of the union;
- the liberalization of trade on a preferential basis, considered as a major instrument for the promotion of trade flows between member countries.

80. The draft of the agreement outlines a progressive establishment of the Customs Union on the basis of the following principles:

- exemption from tax and customs duties of traded goods of local origin;
- progressive lifting of non-tariff barriers, and the commitment of member countries not to establish a new barriers with equivalent effect;
- formulation of a common policy for foreign trade vis-à-vis third countries through the establishment of unified tariffs for import and export;
- harmonization of national policies related to regulations and tariff measures;
- preparation of a Common Customs Tariff vis-à-vis foreign countries to be applied before the end of 1995, and elaboration of a method for the redistribution of common resources arising from the establishment of a common Custom Tariff;
- guarantee of establishing fair competition between the producers in the Union countries by setting up clear and transparent conditions of trade;
- the recognition of the equal treatment of all economic operators from each member country of the union;
- member countries should take into consideration the previous commitments of each other regarding international conventions as well as the stipulations of the agreement of the common customs union when entering into new international agreements and conventions.

II. PREPARATION OF THE SUBREGIONAL INDUSTRIAL DEVELOPMENT PROGRAMME FOR THE SECOND IDDA

II.1 Objectives, strategies, and policies

81. Industrial growth and economic co-operation in the 1990s will be affected by government policies, and by measures to promote private investments from the subregion or elsewhere, as well as by access to raw materials, skilled labour and export markets.

82. Plans for joint ventures in the subregion, including those between the Maghreb countries with other Arab investors in North Africa and with investors from the Gulf States, should lead to increased manufacturing output over the next decade. In particular, industrial production for the North African market as a whole could introduce economies of scale that would make local production more commercially viable. Moreover, the institutional reforms aimed at improving the investment climate that have been launched in the region are expected to generate more opportunities for joint ventures.

83. The subregion faces a double challenge. On one hand, it should develop to a considerable extent its production capacity in agriculture and industry in order to reduce a very heavy deficit in manufactured products. The new prospects arising from the Maghreb Common Market and the intensification of commercial and industrial protocols among all the North African countries will help to establish common institutions, coordination mechanisms and distribution of industrial production, taking into account their respective comparative advantages, and the search of optimal production costs.

84. On the other hand, North Africa has to increase its exports towards EEC/OECD, other Arab and African countries. Co-operation with Europe, the Middle East and Africa calls for a better specialization and diversification of products as well as for a more competitive level of cost and quality. The new industrialization phase in the subregion requires the decision-makers to be very selective regarding the fields of specialization (deciding which products) the optimal location of investments (choosing which country) and carefully targeted towards specific commercial partners (targeting which markets).

85. The decision making process should be based a comprehensive studies, notably in the following areas:

- feasibility and optimization (to define type and size of production, optimum project location, etc.).
- assessment of potential markets and marketing strategies.

86. The implementation of regional projects implies the design and establishment of institutional frameworks, mechanisms and instruments in order to promote regional cooperation and foster regional projects and trade. Numerous aspects should be negotiated, adjusted or harmonized such as the following:

- Regulations regarding investment;
- Regulations on industrial property;
- Adoption of harmonized norms, standards and classification system;

- Sectoral regional planning;
- Promotion of regional projects;
- Legislation regulating public procurement and practices;
- Special measures for the least developed areas or industries.

87. Industrial investments are required to meet the needs of a fast growing population. The increasing burden of debt service and the shrinking possibilities of mobilizing external finance make it necessary and consider the development of local inputs in the implementation and operation of industrial projects (consulting and engineering services, construction, capital goods, technical assistance for operation and maintenance etc.).

88. The domestic policy reforms required in the region vary from country to country, but the region as a whole would benefit substantially from measures to (1) upgrade its own skilled labour force and promote the transfer of appropriate technology; (2) ensure that privatization programmes are carried out effectively and in a way that encourages foreign participation at the regional level; and (3) establish proper data banks and sources of the economic, scientific and marketing information needed to promote development in general and industrialization in particular.

89. Due attention should be also given to the environment in which industrial co-operations is implemented, in order to remove major infrastructural and institutional constraints and make optimal use of the different natural and human resources available in each country of the subregion. In this perspective, industrial co-operation should aim at attaining an optimal combination of know-how and expertise, raw materials and financial resources, and also be based on accurate analysis of location criteria.

90. The successful implementation of the integrated industrial promotion programme will require the development of human resources at all levels, ranging from policy-makers and industrial entrepreneurs through technologists and technicians to skilled labourers. The subregion is endowed with adequate human resources, as well as having a number of vocational training centres and technical training institutions which, if developed and assisted, could cope with the training needs arising out of the integrated industrial programmes. In addition, with appropriate assistance, these institutions could be strengthened and be able to serve trainees from other subregions.

91. Establishing the industries identified in the programme will require also major technological inputs. There are three important considerations in this respect. First, linking technology to the industrial development of the subregion can only be successful if relevant measures are adopted by Governments: thus, technology policy and planning become important elements. Secondly, the development of the technological capabilities in each country is a prerequisite for the selection, acquisition, adaptation, absorption or development of industrial technology. This involves, inter-alia, the establishment of technological institutions and the training of industrial and technological manpower. Thirdly, the appropriate choice of technology is of crucial importance, since an inappropriate choice will not only lead to unnecessary expenditures, but will also distort the pattern of development.

92. In order to implement the subregional programme successfully, it will be necessary to strengthen the industrial institutional mechanisms which have been established in each country to promote joint projects and industrial co-operation. There are two distinct types of institutions that need to be

supported: (i) those institutions primarily responsible for such activities as the organization of raw materials supplies, including energy, the development of factor inputs for production and marketing; and (ii) those performing supplementary services, such as information, banking and insurance, material and product testing, and project preparation.

II.2 Selection of priority investment programmes

93. The priority subsectors identified in the revised integrated industrial promotion programme for the subregion were as follow: agro- and agro-based industries, building materials industry, chemical industry, engineering industry and metallurgical industry. Priority was accorded to a number of other factors, such as resources, infrastructure and servicing supporting industrial development. These included agriculture, natural resources, human resources, technology, industrial financing and institutional support. The projects proposed here for inclusion in the subregional programme are in line with the priority areas indicated in the "Framework and Guidelines for Action" for the preparation of subregional programmes for the second IDDA and also follow the criteria that are suggested for pre-qualifying a project as a subregional project:

- Contributes to the overall objectives of IDDA, i.e. leads to a higher degree of self-sufficiency for the country and the subregion, and also contributes to self-sustaining growth;
- Is too large in relation to the country's market or requires heavy investment beyond the country's capacity; but
- Can utilize local raw materials and other local inputs (energy, human resources) to produce intermediate goods for the country or for industries in neighbouring countries, thus reducing the overall dependence of the subregion on outsiders;
- Has export potential or will enhance the export potential of other countries in the subregion;
- Creates linkages with other sectors, especially agriculture, energy generation, transmission and distribution, and transportation;
- Increases the country's capacity to meet the basic needs of the population; or
- Contributes to economic integration of the subregion.

These criteria should thus be used as a basis for the further selection of and final decisions on projects for inclusion in priority investment programmes for the second IDDA.

II.3 Costing of the programme

94. The key problem associated with the subregional industrial projects identified during the first IDDA was that most projects were proposed without proper costing. Therefore it is advisable to carry out a pre-feasibility analysis of all the projects to be included in the subregional programme for the second IDDA. Based on this analysis a critical revision and screening of all the projects should be elaborated, and a priority list drawn. In addition, each proposed project should find a sponsor or a partner who should arrange funding for implementation and specific technical assistance required. For the preparation of the second IDDA, as far as costing of the programme is concerned, it was suggested to:

- Set up subregional trust funds with UNIDO for pre- and full feasibility studies;

- Explore the possibility of utilizing the APDF set up by IFC, ADB and UNDP in co-operation with some developed countries;
- Propose that subregional development banks and funds set aside a percentage of their operational funds for project preparation, feasibility studies and sponsoring investment forums;
- Explore the possibility of using the UNIDO project preparation facility.

An investment portfolio should then be compiled for the subregional programme for the second IDDA, which contains only projects that have been studied, costed and found feasible and bankable.

III. MODALITIES FOR FORMULATION AND IMPLEMENTATION

III.1 Modalities for formulation

95. The formulation of the subregional programme for industrial co-operation and development for the second Industrial Development Decade for Africa should be seen as a continuous process. The programme itself should be updated regularly to take into account the changing needs and conditions of the countries in the subregion, and should make use of existing co-operation agreements. By paving the way for further expanding industrial co-operation between the countries of the subregion, it will contribute to achieving the goals of the IDDA: self-reliant and self-sustained industrialization at the national and regional levels.

96. As outlined in the "Framework and Guidelines for Action", the development of the subregional programme could usefully be organized following the strategic management approach developed by UNIDO (see also Annex IV of that document). As described in that document, the strategic management approach calls for the establishment of an industrial promotion co-ordinating committee and a number of subsectoral strategic management committees. The function of the industrial promotion co-ordinating committee should be to co-ordinate the formulation and implementation of all industrial programmes in the subregion, and report periodically to the Governments of the subregion. Below this committee, a number of subsectoral strategic management committees could be established where necessary to coincide with the subsectors in which there are projects, e.g. metallurgical, engineering, agro-chemical, basic chemicals and pharmaceuticals, building materials industries, etc. These committees could include representatives of Governments, public and private enterprises from each country operating in the subsector, organized interests such as chambers of commerce, shippers councils, manufacturers' association or associations of road transporters, national and regional financial institutions, etc.

97. In the case of the North African subregion, the committees established within the framework of UMA can provide a solid basis for carrying out the co-ordination and management functions for the formulation and implementation of the subregional programme.

III.2 Modalities for implementation

98. Many elements of the implementation strategy outlined in the previous subregional meetings are still valid, and it is suggested that they be retained in the recommendations of the meeting as a guideline for the the North African countries and for the regional and international organizations involved. However, a series of modifications to the previous implementation strategy and additional recommendations should be introduced in order to complete the modalities for implementation recommended for the subregional programme for the second IDDA. These modifications take into account the following factors:

- (a) the new specific needs of the Maghreb countries in terms of institution building;

- (b) the different stages of implementation of the projects of the previous subregional programme;
- (c) the recommendations of the mid-term evaluation of the IDDA;
- (d) the intensified discussions and meetings between Maghreb countries during the past 18 months, notably through sectoral committees attended by public authorities and representatives of industrial firms, which have generated a great number of bilateral and multilateral industrial project ideas, and have also given new impetus to the implementation of projects included in the previous IDDA programme;
- (e) the current progress in strengthening the existing industrial institutional mechanisms which have been established in each country to promote joint projects and industrial co-operation;
- (f) the improvement of the investment climate, and the increased involvement of the private sector in the decision-making process.

99. In the plan for the implementation of the integrated industrial promotion programme for North Africa drawn up at the Tunis meeting in 1984, and reiterated at the Tangiers Meeting in 1988, the measures outlined below were recommended for adoption at the national and subregional levels. Moreover, the modalities for implementation of the subregional programme for the second IDDA should take into consideration all those constraints which have prevented the previous programme from achieving a higher rate of implementation. Since overcoming those constraints is the responsibility of both the countries themselves and the subregional organizations, the successful implementation of the subregional programme will require a series of measures at both levels. In addition, such co-ordinating organizations as UNIDO and the ECA MULPOC Office for North Africa, which have a catalytic role to play in subregional industrial co-operation, need to further intensify their assistance at both the national and subregional levels so as to facilitate the implementation of the subregional programme.

Measures to be adopted at the national level

100. It is important to emphasize that the success of the programme will be determined by the actions taken at the national level and by the policies and operational mechanisms adopted by Governments. The actions, most of which are already being carried out by many countries of the subregion, include the following:

- (a) Co-operation from all countries, from both Government and the private sector, with subregional organizations to prepare the subregional programme for the second IDDA;
- (b) Formal endorsement of the subregional programme and its projects by Governments;
- (c) Incorporation of the salient features of the subregional programme and its projects in national industrial development plans, and in national programmes for the second IDDA possibly incurring the need to adjust ongoing national industrial development plans;
- (d) Allocation of the human, financial and physical resources needed to implement the projects;

- (e) Strengthening or introducing operational mechanisms (e.g. corporations, companies, commissions) responsible for follow-up, including project definition, pre-investment studies, investment promotion, and project-related consultations with other countries in the subregion;
- (f) Promotion of projects among potential investors and financial institutions;
- (g) If designated as lead country for a project, official submission of that project to financing institutions;
- (h) On the basis of profiles for investment projects, elaboration of detailed pre-investment studies, assisted by ADB, UNIDO and competent local industrial consultancy organizations;
- (i) Improvement of domestic manpower capabilities and institutional capacities needed for the identification, preparation and implementation of projects.

101. The endorsement of programmes and projects by the legislative authorities of subregional organizations is a protracted and quite complicated process. Governments, thus, need to ensure internal co-ordination among the Ministries and organizations concerned in respect of the projects being promoted and maintain, as far as possible, consistency in terms of attendance and representation at meetings of the subregional organizations dealing with industrial co-operation.

102. In the light of the above, the following measures, some of which are already being implemented by the countries of the subregion, are listed here to serve as a reminder to those countries that have not yet adopted them:

- (a) Any project prepared by a national Government should be jointly endorsed and promoted by both the Ministries responsible for industry and planning and those responsible for the submission of official requests to funding agencies;
- (b) A complete file, including the necessary feasibility studies as well as a status report on implementation should be maintained on each project and regularly updated. This would facilitate the provision of information to potential investors and financial institutions interested in the project.

103. The Governments of the subregion, as in other subregions of Africa, also need to involve the private sector, as well as industrial consultancy and engineering organizations, more extensively in the formulation and implementation of the projects retained in the subregional programme. A programme for the greater involvement of the private sector, especially national agents of production, planners and financial institutions, needs to be adopted. It is therefore essential that the support projects included in the revised subregional programme are accorded appropriate priority when implementing the programme.

104. Policies and programmes should be adopted with due regard to local conditions on matters relating to:

- (a) The development of local industrial entrepreneurship and indigenization;
- (b) The energy problem as it affects industrialization;

- (c) The current constraints facing the public sector enterprises in most countries of the subregion and their linkages and complementarity with private sector enterprises.

105. It is strongly recommended that National Co-ordinating Committees for the IDDA as well as the Co-ordinators or Focal Points for the IDDA should be strengthened or established where they do not exist. Active working contacts should be maintained between these committees and operational focal points and the secretariats of the relevant subregional organizations and joint committees in order to ensure the successful implementation of the subregional programme.

Measures to be taken at the subregional level

106. The industrial priorities established by AIDMO and the ECA MULPOC Office coincided with the priority activities identified for the implementation of the revised integrated industrial promotion programme at the subregional level. The following list of activities, many of which are being carried out by UMA, can serve as a checklist of the necessary actions at the subregional level for promoting the subregional programme for the second IDDA:

- (a) Co-operation of the relevant subregional organizations to prepare the subregional programme;
- (b) Formal endorsement and implementation of the subregional programme by all appropriate intergovernmental organizations in the subregion, and inclusion thereof in their subregional development plans and programmes;
- (c) Establishment and/or strengthening of subregional technical and subsectoral committees on a branch-by-branch basis to co-ordinate, monitor and advise Governments on the selection and implementation of multinational projects in each subsector;
- (d) Provision by those intergovernmental committees of advice to Governments on the preparation, implementation, management and monitoring of the multinational industrial projects, including advice on:
 - (i) The broad principles governing the relationship among the parties and specifying the co-operation arrangements in the areas of industrial production, and trade in industrial raw materials and products;
 - (ii) The policies and supporting measures which the Governments concerned should pursue;
 - (iii) Operational principles and measures, including mutual benefits or equitable treatment;
 - (iv) Joint ventures involving such bodies as multinational corporations in the countries of the subregion, or member countries of the subregion and other subregions and regions, or statutory corporations and other enterprises;
 - (v) Co-production and specialization, including subcontracting and marketing, as an arrangement of particular importance to engineering-based core industries;

- (vi) Joint acquisition of technology and the mobilization of financing resources;
 - (vii) Standardization and quality control.
- (e) Preparation by the subregional intergovernmental organizations of the subsectoral studies included in the subregional programme with a view to identifying clusters of economically viable projects integrated with other industrial branches and the remainder of the economy;
- (f) Preparation by subregional intergovernmental organizations of rehabilitation studies on priority projects whose reactivation in the context of the subregional programme might prove economically and financially viable;
- (g) Agreement among the countries in the subregion on the host country for each multinational investment projects and the respective roles of the others in implementing the investment projects. This would include agreement on:
- (i) Supply of the requisite raw materials and energy;
 - (ii) Purchase of intermediate and final products;
 - (iii) Equity shareholding, majority of which should be owned by African countries;
 - (iv) Training and allocation of manpower to the project;
 - (v) Conducting R & D related to the project;
 - (vi) Exchange of information;
 - (vii) Management of the enterprise;
 - (viii) Subcontracts, where feasible.
- (h) Assistance by intergovernmental organizations and development banks in the subregion in the mobilization of financial and other resources, including investment promotion for the implementation of the multinational investment projects;
- (i) Strengthening or establishment of operational arrangements, such as multinational corporations or enterprises linked with corresponding national corporations, for the implementation of a specific project or complex of projects. In this regard, it should be noted that in establishing multinational enterprises aimed at a lasting and effective economic relationship, it may be necessary for each partner, particularly the Governments, to share in the risks and rewards of the enterprises and participate fully in the decision-making at the highest managerial level;
- (j) Involvement of African chambers of commerce and industry or manufacturers and their associations as well as competent local consulting firms from the outset of the project, increasing their participation/involvement as the project develops.

107. In order to implement the measures proposed above, a number of policy actions will be required. These are predicated on the assumption that unless the productive capacity of the subregion is enhanced, the volume of trade will suffer. Since the promotion of trade between countries in the subregion bears implications for the currency arrangements between Member States, it would be desirable to ensure convergence in the compensation mechanisms among the countries of the subregion: a matter that should be considered by the subregional organizations concerned.

Strengthening regional and subregional co-operation in support services

108. Institutional measures to effect changes and implement policies and programmes should therefore include strengthening the secretariats of the relevant intergovernmental organizations, especially UMA, AIDMO, the ECA MULPOC Office for North Africa and the various joint committees or commissions, in order to enhance their capabilities in carrying out their various functions, including the following:

- (i) To gather, analyse and disseminate relevant industrial data and information from and to all Member States, the private sector, associations, institutions and other bodies in the subregion;
- (ii) To develop and promote an effective working relationship among the member countries and co-operating organizations;
- (iii) To serve as a resource unit for the promotion of subregional industrial projects, providing advice on and assistance in securing investment, expansion of markets, acquisition of technology and know-how, and project negotiations within the subregion and without;
- (iv) To formulate and develop subregional industrial policies and strategies to complement those at the national level;
- (v) To prepare priority subsectoral studies;
- (vi) To identify, prepare, implement and follow-up projects.

109. These institutions will need to be properly staffed with competent personnel so as to enable them to monitor and co-ordinate effectively the various activities relating to the formulation and implementation of the subregional programme and projects, especially those in the priority industrial core subsectors and support areas. They should maintain a dynamic working relationship with the relevant intergovernmental organizations, with national, subregional and regional organizations, as well as with UNIDO and ECA. They should also keep themselves fully informed of all major technical assistance proposals and programmes relating to industrial projects in the subregion.

110. It is also urged that action be taken, as recommended in the "Framework and Guidelines for Action" and mentioned under "Modalities for Formulation" above, to establish a subregional industrial promotion co-ordinating committee whose functions will be to co-ordinate the formulation and the implementation of all industrial programmes in the subregion, and report periodically to the relevant bodies of the UMA and of Egypt and Sudan. Proper co-ordination also

needs to be maintained between key North African institutions operating at the subregional level and UNIDO in order to avoid undue duplication and to ensure effective implementation of the programme, once endorsed by the competent legislative authorities of the subregion.

Industrial consultations and negotiations

111. The UNIDO System of Consultations can provide African countries with access to information on global industrial restructuring for the preparation and implementation of subregional programmes for the second IDDA. A system of intra-African consultations on industrialization in Africa could be used to discuss trends in particular sectors, the changing pattern of demand, production technology or other problems which might have an impact on the current situation of industrialization in Africa.

Financing and major factor inputs

112. In order to facilitate the implementation of the programme and to create greater awareness in the subregion, it is recommended that the programme be widely circulated among all relevant economic agents in the subregion, especially at the national level. They should be surveyed to determine how they, the Government or business communities, can best promote the programme. The importance of involving the private sector has already been stressed. The successful mobilization of local resources can serve as an inspiration to genuine foreign investors, encouraging them to participate in viable joint venture projects. All these activities also require the full use of the information media, as well as careful monitoring and co-ordination. It is recommended that the relevant subregional organizations, especially AIDMO and the ECA MULPOC Office should collaborate with the project sponsors in carrying out this co-ordination.

113. The implementation of the projects in the subregional programme will require major investments. This is the basic factor determining the production process, the transfer and choice of technology, product selection, corporate form and, above all, the negotiating position vis-a-vis the outside world. In some countries in the subregion, this problem is aggravated by the precarious state of the country's balance of payments, public finances and budgets, as well as the low level of transactions, particularly in the agricultural sector. Measures must therefore be undertaken by Governments and financial institutions in the subregion to mobilize internal and external financial resources and optimize their use, including fiscal and other policies designed to stimulate savings and investment. These should be matched by such institutional arrangements as the strengthening or establishment of national or subregional industrial development banks.

114. One of the major weaknesses in the implementation of subregional programmes, as indicated during previous subregional meetings and highlighted by the team of independent experts for the mid-term evaluation of IDDA was the lack of funds to carry out the programme. Concerted efforts by international and African financial institutions would be needed to facilitate the process of financing subregional projects. These would include appropriate actions by existing financial institutions to strengthen current financing mechanisms as well as investment support activities in order to channel more resources to multinational and subregional projects. In particular, the financing of pre-feasibility and feasibility studies, the provision of legal and financial support for joint-ventures, as well as assistance in the process of

identification of potential partners/promoters for multinational projects are the key areas to be enhanced and further developed. Furthermore, the implementation of investment regulations and incentives and the privatization plans may also have a significant impact on the availability of financial resources for industrial investment.

III.3 Promotion, co-ordination and monitoring

Promotion of the programme

115. Although the countries in the subregion are expected to use all the means at their disposal to promote the projects identified, UNIDO could be requested to provide assistance through its investment promotion programme, including the use of its Investment Promotion Services. Although it has only limited resources itself, UNIDO could intensify its endeavours to help Governments to submit requests to various bilateral and multilateral agencies and thus tap funds available through those agencies. Over and above its investment fora and related promotional activities, UNIDO could evolve innovative ways and means of involving major financial institutions and assisting countries in the subregion to secure their co-operation.

116. In this connection, the implementation strategy of the subregional programme for the second IDDA should also take into account the following factors:

- (a) the level of funds for technical co-operation activities to be allocated by the IDDA regional programmes. For the (1990-1991) biennium the Technical Co-operation projects in North Africa funded directly from the IDDA technical co-operation budget of \$3.85 million amounted to about \$1 million, out of which some ten per cent has been allocated to regional projects. It could be recommended that in future greater emphasis be placed on subregional technical assistance programmes that could be expected to have a broader impact than country-based assistance;
- (b) the level of funds that the UNDP Arab regional programme for the next cycle will allocate to industry. In the current programme cycle the entire inter-country programme reached \$48 million. The allocation for industry was very limited; emphasis was put on food security, and acquisition of advanced technology. Directing a greater proportion of resources towards industry could have a strong positive impact on the implementation of the subregional programme;
- (c) the level of financial and human resources that the countries themselves will allocate to regional issues.

Potential role of international organizations

117. As stated in the initial industrial promotion programme, the successful promotion of the subregional programme for industrial development calls for the development of human and technological capabilities, the mobilization of financial resources as well as the establishment or strengthening of capabilities to service and augment the industrialization process in the subregion. The agencies and organizations of the United Nations system, in particular UNIDO and ECA, in close co-operation with the ADB and other specialized African organizations can contribute to meeting those requirements and thus help to overcome the acute developmental problems of the subregion.

118. These organizations could provide technical assistance in the following areas:

- (a) Investment promotion: Support to subregional projects within the context of investment promotion already largely provided by UNIDO; covering the evaluation of the project profiles and their promotion among potential investors and financial institutions in the subregion and elsewhere through the UNIDO network of investment promotion services and during investment promotion fora; the elaboration of industrial partners programmes between North African countries and enterprises in developed countries; the enhancement of on-the job training on industrial promotion and country presentation tours to enhance and strengthen the linkages between the subregion and selected developed countries;
- (b) Institution building, support and training: Implementing existing support projects; making greater use of the UNIDO System of Consultations; improving existing regional vocational training facilities and research centres for testing, standardization, quality control and for the introduction and dissemination of appropriate technology;
- (c) Preparing of pre-investment studies, including investment profiles on selected projects in the subregion, providing information on such items as: consumption; plant size; raw materials; utilities; technology; investment; manpower and training; probable production cost; project/programme profitability; and potential market(s);
- (d) Identifying specific areas and modes of co-operation between countries, as well as between producers and R & D facilities, in implementing the programme for the second Decade;
- (e) Establishing a subregional industrial promotion co-ordinating committee to review and update the regional integrated industrial promotion programme, monitor its implementation and co-ordinate the activities of the technical committees;
- (f) Developing capabilities related to: industrial planning; industrial consultancy; project preparation; procurement of supplies; and support of local entrepreneurs and manufacturers including the creation of associations related to core programmes;
- (g) Organizing technical consultations, negotiations and investment promotion meetings in specific core subsectors. These will include consultation and negotiations between:
 - (i) African countries, involving both State finance institutions and local agents of production and distribution;
 - (ii) African States and potential partners from other developing countries through ECDC, involving potential investors from those countries as well as financial institutions;
 - (iii) African States and potential partners from developed countries.
- (h) Assisting North African countries in the rehabilitation and expansion of existing multinational projects.

Co-ordination and monitoring

119. It is important to stress the need for a system to assist countries in monitoring the implementation of the revised programme. In this regard and as part of the monitoring system, it should be discussed whether UNIDO should continue to convene regular meetings, for example every two years, of all the Governments, co-ordinating agencies and organizations concerned in order to review, adjust and monitor the implementation of the programme. For such a system to be effective, Member States and other project sponsors would have to regularly provide the Secretariat with updated information on the projects' status of implementation.

120. A key role in promoting industrial co-operation among the North African countries within the context of the League of Arab state is played by the Arab Industrial Development and Mining Organization (AIDMO). In particular, through the promotion of Pan-Arab Industrial project, AIDMO has supported the implementation of the IDDA subregional programme for North Africa, contributing in the financing of market and feasibility studies. The Organization that has a long-standing co-operation with UNIDO is expected to further contribute in the implementation of the programme harmonizing actions with the other regional and international organizations.

121. Moreover, within the context of the IDDA, the assistance to industrial co-operation between North African countries has to be defined in close co-ordination with other programmes dealing with the same subject, and in particular with the UNDP Arab regional programme for the next cycle, EEC assistance to North Africa, the League of Arab States and AIDMO, and support activities provided by development banks. To this end, technical co-operation activities directed towards the promotion of industrial co-operation in the subregion need to be harmonized.

REFERENCES

- 1/ Revised Integrated Industrial Promotion Programme for the North African Subregion (ID/WG.472/3/Rev.1(SPEC.);**
- 2/ Report on the Independent Mid-term Evaluation of the Industrial Development Decade for Africa (IDDA) and the proclamation of the second IDDA, (CAMI.9/20/Add.1);**
- 3/ Framework and Guidelines for action at the national and subregional levels for the preparation of the programme for the second Industrial Development Decade for Africa (1991-2000)", PPD.161, 19 April 1990, UNIDO, Vienna;**
- 4/ Industrial investment in the Arab Region: Trends, constraints and co-operation prospects, UNIDO, (to be published);**
- 5/ Arab countries and the OECD: Structures, constraints and prospects of industrial co-operation, UNIDO, (to be published);**
- 6/ Mauritania: Industrial reorientation and rejuvenation, Industrial Development Review Series, UNIDO, PPD.115, 27 April 1989, Vienna;**
- 7/ Country Brief: Egypt. A new era of industrial co-operation, (PPD.143(SPEC.)) UNIDO, Vienna**
- 8/ The Sudan: Towards industrial revitalization, Industrial Development Review Series, UNIDO, PPD.132, 12 September 1989, Vienna.**
- 9/ Draft Treaty Establishing the African Economic Community, (AEC/DRAFT/T.R./Rev.1);**
- 10/ Identification, formulation, implementation and monitoring of multinational industrial enterprises (MIEs) - (ODG.10(SPEC.)), UNIDO, Vienna;**
- 11/ Multinational Enterprises of Sub-Saharan Africa. Analytical Summary, UNCTAD, UNCTAD/ECDC/201, 12 December 1989.**

LIST OF PROJECTS

NO	PREV.	PROJECT	COUNTRIES	DATE	STATUS	SECTOR
<u>PROJECTS IDENTIFIED IN THE FIRST INTEGRATED PROGRAMME (1984)</u>						
1.	NO.1	Establishment of sugar mills	SUD	P84	B	AGRO
2.	No.2	Establishment of a paper factory	SUD	P84	C	AGRO
3.	No.3	Establishment of a spinning mill	TUN/LYB	P84	C	TEXT
4.	NO.4	Establishment of a kenaf sack production	SUD	P84	NO	TEXT
5.	NO.5	Establishment of Port Sudan cement factory	SUD	P84	C	BUIL
6.	NO.6	Establishment of a plant to produce white cement	TUN/ALG	P84	A	BUIL
7.	NO.7	Manufacture of marble tiles	SUD/EGY	P84	C	BUIL
8.	NO.8	Establishment of a sheetglass production unit	SUD/EGY	P84	NO	CHEM
9.	NO.9	Establishment of a tractor assembly plant	SUD/EGY	P84	C	ENG
10.	NO.10	Establishment of low-category diesel engines manufacturing plant	TUN/ALG	P84	A	ENG
11.	NO.11	Manufacture of lathes and milling machines	MOR	P84	A	ENG
12.	NO.12	Manufacture of woodworking machinery	TUN/ALG	P84	A	ENG
13.	NO.13	Manufacture of refrigerator compressors	AIDMO	P84	C	ENG
<u>PROJECTS IDENTIFIED IN THE REVISED INTEGRATED PROGRAMME (1988)</u>						
14.	NO.1	Establishment of textile industries	LYB/MOR	P88	A	TEXT
15.	NO.2	Establishment of food industries	LYB/MOR	P88	C	AGRO
16.	NO.3	Establishment of leather industries	LYB/MOR	P88	A	AGRO
17.	NO.4	Production of vegetable oil	SUD/TUN/ALG/MOR/AIDMO	P88	B	AGRO
18.	NO.5	Production of fine cotton yarn	SUD/AIDMO/TUN/MOR/ALG/ /LYB/IRQ/SYR	P88	B	TEXT
19.	NO.6	Nafta el Oued brickmaking plant	ALG/TUN	P88	C	BUIL
20.	NO.7	Establishment of pharmaceutical industries	LYB/MOR	P88	C	CHEM
21.	NO.8	Production of urea nitrate	LYB/TUN	P88	C	CHEM
22.	NO.9	Production of phosphate fertilizers	SUD/TUN	P88	C	CHEM
23.	NO.10	Production of nitro-phosphates	ALG/TUN	P88	C	CHEM
24.	NO.11	Production of petrochemical products such as acetic acid, bitumen, base lubricants and transformer oils and monovinylacetates (MVA)	ALG/TUN	P88	C	CHEM
25.	NO.12	Production of chemical products such as synthetic glue, titaniumdioxide, pigments and organic colours, mineral colours and pigments sodium sulphate and barytine derivatives	ALG/TUN	P88	C	CHEM

NO	PREV.	PROJECT	COUNTRIES	DATE	STATUS	SECTOR
26.	NO.13	Manufacture of household washing machines	ALG/LYB	P88	C	ENG
27.	NO.14	Production of passenger cars and utility vehicles	ALG/LYB	P88	C	ENG
28.	NO.15	Production of gearboxes for automobiles	ALG/LYB	P88	C	ENG
29.	NO.16	Production of high-grade diesel engines for tractors and trucks	ALG/LYB	P88	B	ENG
30.	NO.17	Production of light vehicles for desert use	ALG/LYB	P88	B	ENG
31.	NO.18	Aluminium complex electrolytic process	ALG/LYB	P88	B	ENG
32.	NO.19	Production of lorries	LYB/TUN	P88	C	ENG
33.	NO.20	Production of high-tension electrical transformers	ALG/TUN	P88	B	ENG
34.	NO.21	Construction of metallic structures	ALG/TUN	P88	A	ENG
35.	NO.22	Production machinery for sheetmetalwork	ALG/TUN	P88	B	ENG
36.	NO.23	Manufacture of machinery for processing plastics	ALG/TUN	P88	B	ENG
37.	NO.24	Production of textile machinery	ALG/TUN	P88	B	ENG
38.	NO.25	Manufacture of gears and reduction gears	MOR/TUN	P88	A	ENG
39.	NO.26	Industrial forge project	MOR/TUN	P88	B	ENG
40.	NO.27	Production of thermostats, evaporator sheets, heat exchangers, cooking stoves, micro-motors, control panels, TVs, cathodic tubes, and printed circuits	ALG/TUN	P88	C	ENG
41.	NO.28	Production of pistons, gudgeon pins, casings, sleeves bearings and transmission chains	ALG/TUN	P88	C	ENG
42.	NO.29	A joint steel complex (pelletization)	ALG/LYB/MAU	P88	B	MET

NEW PROJECTS INCLUDED IN THE NEW INTEGRATED PROGRAMME (1990)

43.		Rehabilitation of a cement factory	MOR/ALG	P90	A	BUIL
44.		Expansion of fish-processing factories	MAU/ALG	P90	A	AGRO
45.		Joint project for the production of graphite electrodes in Egypt	EGY/LYB/ALG/MOR/AIDMO	P90	B	ENG
46.		Production of electrical control panels	ALG/LYB	P90	B	ENG
47.		Establishment of a sheetglass production unit	ALG/MAGHREB	P90	C	CHEM
48.		Establishment of a meat processing centre	MAU/MAGHREB	P90	C	AGRO

TYPE OF PROJECTS (A:PROJECT IN OPERATION, B:PROJECT IN THE COURSE OF IMPLEMENTATION
C:PROJECTS AT IDEA STAGE; NO: PROJECTS WITHDRAWN)

SUPPORT PROJECTS

NO	PREV.	PROJECT	COUNTRIES	DATE	STATUS
A. <u>SUPPORT PROJECTS IDENTIFIED IN THE FIRST INTEGRATED PROGRAMME (1984)</u>					
1.	S1.	Assistance in the development of an industrial training programme	SUBREGION	P88	A
2.	S2.	Improvements of industrial consultancy and management capability	SUBREGION	P84	A
3.	S3.	Development of local entrepreneurship (Directory of small-scale industrial project profiles)	SUBREGION	P84	A
4.	S4.	Promotion of food processing industry in North Africa	SUBREGION	P84	A
5.	S5.	Upgrading of the Tunisian National Centre for Leather and Footwear into a subregional centre	SUBREGION	P84	A
6.	S6.	African Regional Centre for Genetic Engineering and Biotechnology	SUBREGION	P84	C
B. <u>SUPPORT PROJECTS IDENTIFIED IN THE REVISED INTEGRATED PROGRAMME (1988)</u>					
7.	1.	Joint Tunisian-Libyan Company for industrial maintenance and assembly	TUN/LYB	P88	C
8.	2.	Study on the promotion of capital goods manufacture in North Africa	SUBREGION	P88	C
9.	3.	Technical studies on the promotion of a subregional co-operation in the fish processing industry	SUBREGION	P88	C
10.	4.	Technical studies on the promotion of a subregional marine repair and maintenance industry	SUBREGION	P88	C
11.	5.	Technical studies related to industrial pollution	SUBREGION	P88	B
12.	6.	Subregional consultations on specific sectors	SUBREGION	P88	C
C. <u>NEW SUPPORT PROJECTS INCLUDED IN THE INTEGRATED PROGRAMME (1990)</u>					
13.	1.	Assistance to the development of Maghreb capabilities in industrial consulting and engineering	MAGHREB	P90	B
14.	2.	Studies on co-operation of Maghreb countries with other regional and subregional organizations	MAGHREB	P90	B
15.	3.	Harmonization of regulations and incentives for the promotion of industrial investment	MAGHREB	P90	C
16.	4.	Establishment of a Maghreb Industrial Information Network	MAGHREB/EGY/SUD	P90	B
17.	5.	Assistance to the development of UMA sectoral planning capabilities	MAGHREB	P90	C

PROJECT PROFILES

A. CORE PROJECTS IDENTIFIED IN THE FIRST INTEGRATED PROGRAMME (1984)

PROJECT PROFILE NO. 1

SUBSECTOR: Agro- and agro-based industries (foodprocessing)

1. Project Title: Establishment of sugar mills, Sudan

2. Objective: To establish two medium-sized sugar production units to serve the export market

3. Promoter/ sponsor	5. Project status	7. Raw materials
4. Location	6. Immediate follow-up	8. Energy
3. Sudanese Ministry of Industry	5. Feasibility study completed	9. Physical infrastructure
4. Central Sudan	6. Formal agreement on joint projects is required from the interested parties	7. Available as sugar-cane plantations are normally attached to factories
10. Projected demand by product	12. Capacity by product	8. Available
11. Market	13. Total investment	9. Will be available
10. Subregional demand is estimated at 6 million tons	12. 700,000 tons per annum	14. Additional information including collaboration arrangements already made and type of participation sought by member states
11. Countries of the subregion and other neighbouring countries	13. approx. US\$115 million	14. The existing 4 Sudanese public companies and the private KENANA have been directly assisted by the Egyptian Societè des Sucrierie et de Distillerie. Sudan, since 1989, has reached self-sufficiency (370,000 T). Programmes of rehabilitation and new programmes for expansion in order to meet the demand in the subregion are still needed. Egypt is interested to provide further assistance to the Sudanese sugar industry in order to expand vertically its production in Sudan to satisfy a growing demand that is expected to reach 2 million Tons per annum.

PROJECT PROFILE NO. 2

SUBSECTOR: Agro- and agro-based industries (pulp and paper)

1. Project Title: Establishment of a paper factory, Sudan

2. Objective: To produce pulp and paper to meet growing local and subregional demand

3. Promoter/ sponsor	5. Project status	7. Raw materials
4. Location	6. Immediate follow-up	8. Energy
3. Sudanese Ministry of Industry	5. Feasibility study completed	9. Physical infrastructure
4. Kosti or another site, the Sudan	6. The feasibility study to be updated	7. Bagasse, kenaf, cotton lint, papyrus and species of wood are abundantly available
		8. Available
		9. Well developed in the area

10. Projected demand by product	12. Capacity by product	14. Additional information including collaboration arrangements already made and type of participation sought by member states
11. Market	13. Total investment	

10. Figure not available	12. 50 - 150 tons per day (three shifts)	14. The project is a top priority in the current development plan. AIDMO is ex- pected to carry out the feasi- bility study with a possible UNIDO involvement. The study should refer to existing studies and should assess the demand, the size of the market, the availability of raw material and the location criteria.
11. Local market and surplus will be exported	13. to be estimated	

PROJECT PROFILE NO. 3

SUBSECTOR: Textile industry (spinning/weaving)

1. Project Title: Establishment of a spinning mill

2. Objective: To promote the local production of pure cotton and blended (cotton-synthetic) yarn

3. Promoter/ sponsor	5. Project status	7. Raw materials
4. Location	6. Immediate follow-up	8. Energy
		9. Physical infrastructure

3. Governments of Tunisia and Libyan Arab Jamahiriya	5. Preliminary study made for a joint Libyan/ Tunisian plant	7. Cotton imported but basic materials for synthetic yarn available in Libya
4. To be deter- mined	6. Thorough review in order to ascertain viability	8. Available
		9. Adequate

10. Projected demand by product	12. Capacity by product	14. Additional information including collaboration arrangements already made and type of participation sought by member states
11. Market	13. Total investment	

10. Figure not available. Demand in 1980 in Tunisia alone was 2,170 tons	12. 4,000 tons yarn per annum (2,000 tons cotton and 2,000 tons blends)	14. Analysis/revision is needed to ascertain the viability of the project. The production of textiles in the subregion, if a preferential trade area were to be established, should be carefully reviewed in terms of the complementarity of production and markets in each country. There is a growing demand for synthetic yarns in differnt countries in the subregion and AIDMO has, for example, undertaken feasibility studies related to the co-operation of polyester and acrylic fibres as joint Arab projects. Algeria is currently a major importer. Egypt has two large polyester production units that could meet part of the demand in other countries in the subregion. There is, thus, a need to achieve effective co-ordination, create the appropriate infrastructure and promote trade within the subregion.
11. Weaving plants and other users in both countries	13. To be specified in the feasibility study	

PROJECT PROFILE NO. 4

SUBSECTOR: Textile industry (spinning/weaving)

1. Project Title: Expansion of a kenaf sack production plant, Sudan

2. Objective: To expand existing kenaf sack production facilities to meet current/future local/export demand

3. Remarks: Sudanese authorities are now focusing on the mechanization of kenaf harvesting. The projects will be implemented at national level only. Therefore the project has been withdrawn.

PROJECT PROFILE NO. 5

SUBSECTOR: Building materials industry (cement)

1. Project Title: Establishment of the Port Sudan cement factory, the Sudan

2. Objective: To establish a new enterprise for the production of Portland cement

3. Promoter/ sponsor	5. Project status	7. Raw materials
4. Location	6. Immediate follow-up	8. Energy
3. Sudanese Ministry of Industry	5. Feasibility study completed	7. All the raw materials required are available locally. Exact site to be selected with assistance of UNIDO which had been sought
4. Port Sudan, the Sudan	6. The feasibility study to be updated. UNIDO assistance sought.	8. Diesel generators (with a capacity of approx. 15 MW) will have to be supplied
		9. Well developed

10. Projected demand by product	12. Capacity by product	14. Additional information including collaboration arrangements already made and type of participation sought by member states
11. Market	13. Total investment	
10. 600,000 tons per annum	12. 500,000 tons per annum	14. Joint venture or equity participation. The geological test of the selected site have been completed. The key constraint is the lack of energy. Sudanese authorities requested to retain the project for potential joint-ventures and private investment.
11. 60 per cent local demand 40 per cent export	13. Approx. US\$85 million	

PROJECT PROFILE NO. 6

SUBSECTOR: Building materials industry (cement)

1. Project Title: Establishment of a plant to produce white cement, Tunisia

2. Objective: To produce white cement required in Algeria and Tunisia, thus contributing to the reduction of imports

3. Promoter/ sponsor	5. Project status	7. Raw materials
4. Location	6. Immediate follow-up	8. Energy
		9. Physical infrastructure

3. Governments of Algeria and Tunisia and BCMA	5. Plant operational SOTACIB	7. Available
		8. Available

4. Feriana TUNISIA	6. Production started in 1987.	9. Available
-----------------------	-----------------------------------	--------------

10. Projected demand by product	12. Capacity by product	14. Additional information including collaboration arrangements already made and type of participation sought by member states
11. Market	13. Total investment	

10. 60,000 tons per annum Tunisia, 120,000 tons per annum, Algeria	12. 210,000 tons per annum	14. Joint venture company already established. Equity is: Tunisia (40 per cent), Algeria (40 per cent) and the Arab Maghreb Co-oper- ation Bank (20 per cent). Project completed and in production.
11. Algeria and Tunisia (50 per cent each)	13. 24 million Tunisian dinars	

PROJECT PROFILE NO. 7

SUBSECTOR: Building materials industry (tiles)

1. Project Title: Manufacture of marble tiling, the Sudan

Objective: To produce marble tiles of various shapes, colour and size for flooring and other decorative purposes

3. Promoter/ sponsor	5. Project status	7. Raw materials
4. Location	6. Immediate follow-up	8. Energy
3. Governments of Egypt and the Sudan	5. Pre-investment studies completed	7. Available in the vicinity
4. Durdaib, the Sudan	6. Feasibility studies to be undertaken	8. Available
10. Projected demand by product	12. Capacity by product	14. Additional information including collaboration arrangements already made and type of participation sought by member states
11. Market	13. Total investment	
10. Current domestic demand is estimated at 100,000 square metres	12. 50,000 square metres per annum	14. The Marble Production Company a joint Egyptian-Sudanese enterprise (50:50 partici- pation), was planning to speed up both studies and implementation so as to be able to draw on Egyptian experience and start production either at the end of 1984 or at the beginning of 1985. Detailed studies are still not available. Considerable work still needs to be done on raw materials assessment/ evaluation, techno-economic analyses and export potential. Accorded low priority for this planning period. However, considered to offer good potential for co-operation with Tunisia and Algeria within the framework of existing industrial and commercial protocol.
11. Domestic market in both countries and high potential for export	13. approx. US\$3.1 million, two thirds of which will be in convertible currency	

PROJECT PROFILE NO. 8

SUBSECTOR: Chemical industry (non-chemical products)

1. Project Title: Establishment of a sheetglass production unit, the Sudan

2. Objective: To promote local promotion of sheet glass, an essential building material currently imported by countries in the subregion

3. Remarks: The project is not a priority in the new economic development plan. Therefore it has been withdrawn from the programme.

PROJECT PROFILE NO. 9

SUBSECTOR: Engineering industry (agricultural machinery and equipment)

1. Project Title: Establishment of tractor assembly plants, Egypt and Sudan

2. Objective: To assemble agricultural tractors of different horse-power (up to 75 HP)

3. Promoter/ sponsor	5. Project status	7. Raw materials
4. Location	6. Immediate follow-up	8. Energy
		9. Physical infrastructure

3. Sudanese Ministry of Industry and El Nasr Auto- motive and Manufacturing Company, Egypt	5. Feasibility study is available	7. A detailed study needs to be undertaken to determine the structure and allocation between Sudan and Egypt of units manufacturing various components and assemblies
4. Sudan (Wad Medani or Port Sudan) and Egypt	6. Formal agreement to launch the project is required	8. Would be secured through captive generation
		9. Available

10. Projected demand by product	12. Capacity by product	14. Additional information including collaboration arrangements already made and type of participation sought by member states
11. Market	13. Total investment	

10. Large demand.	12. To be defined	14. It is a priority project in the development plan of Sudan. Al-Nasr Automotive Industry (NASCO) of Egypt also considers it very important for them to participate in this joint mutually beneficial project. It was suggested to test the suitability of the 65 HP tractors produced in Egypt in Sudan. NASCO, suggested also to include in the project the establishment of a training and maintenance/servicing centre. The feasibility of this proposal should be further investigated.
11. Sudan and Egypt	13. To be defined	

PROJECT PROFILE NO. 10

SUBSECTOR: Engineering Industry (road and rail transport)

1. Project Title: Establishment of a diesel engine manufacturing plant, Tunisia

2. Objective: To manufacture low-power diesel engines (up to 45 HP) for trucks, small cars and tractors

3. Promoter/ sponsor	5. Project status	7. Raw materials
4. Location	6. Immediate follow-up	8. Energy
		9. Physical infrastructure

3. Governments of Algeria and Tunisia and BCMA	5. Plant operational	7. To be partly imported and partly supplied by the company already operating in Algeria
4. Sakkiat Sidi Youcef, Tunisia	6. Production started in February 1988	8. Energy available
		9. Available at the proposed site

10. Projected demand by product	12. Capacity by product	14. Additional information including collaboration arrangements already made and type of participation sought by member states
11. Market	13. Total investment	

10. 100,000 units in 1990 for Algeria alone	12. 25,000 units per annum	14. Project can be expanded to meet projected demand in the two countries and other countries of the subregion. The Algerian-Tunisian SAKMO has since been established and the project was completed in February 1987. The unit is now running at 50 % of the capacity due to management problems.
11. Algeria (70 %) and Tunisia (30 %) with an appropriate retrocessive mechanism	13. 65 million Tunisian dinars	

PROJECT PROFILE NO. 11

SUBSECTOR: Engineering industry (machine tools)

1. Project Title: Manufacture of lathes and milling machines, Morocco

2. Objective: To develop the production of machine tools in the subregion

3. Promoter/ sponsor	5. Project status	7. Raw materials
-------------------------	----------------------	------------------

4. Location	6. Immediate follow-up	8. Energy
		9. Physical infrastructure

3. Governments of Morocco (ODI) Tunisia (Economic Development Bank of Tunisia BDET) and France	5. Assembly of machines in process	7. Certain semi-manufactured components will be imported and others manufactured locally
--	---------------------------------------	---

4. Fez, near the SIMEF foundry, Morocco	6. Choice of tooling equipment	8. Available, primarily elec- tric energy
		9. Building available

10. Projected demand by product	12. Capacity by product	14. Additional information including collaboration arrangements already made and type of participation sought by member states
11. Market	13. Total investment	

10. Figure not available	12. 2000 machines per annum	14. Partnership entered into with HES of France. The unit is already operational in Fez, Morocco. Tunisian and Moroccan partners are looking for possibilities of gaining access to other markets in the subregion and need assistance in promoting their products.
11. Moroccan and Tunisian markets, as well as other countries	13. 2.7 million of Dinar	

PROJECT PROFILE NO. 12

SUBSECTOR: Engineering industry (agricultural machinery and equipment)

1. Project Title: Manufacture of woodworking machinery, Tunisia

2. Objective: To develop the manufacture of woodworking machinery in the subregion

3. Promoter/ sponsor	5. Project status	7. Raw materials
4. Location	6. Immediate follow-up	8. Energy
		9. Physical infrastructure

3. Governments of Morocco (ODI) Tunisia (BOET) and France	5. Plant operational MMB	7. Certain semi-manufactured components will be imported and others manufactured locally
--	-------------------------------------	---

4. Grumbalia, Tunisia	6. Start-up of production March 1985	8. Available
		9. Available

10. Projected demand by product	12. Capacity by product	14. Additional information including collaboration arrangements already made and type of participation sought by member states
11. Market	13. Total investment	

10. Current demand estimated at 1,000 units	12. 1,000 units per annum	14. A joint stock company has been established and partner- ship entered into with LUREM of France. Project completed and the plant became operational in 1985.
11. Tunisia and Morocco	13. 1 million Dinars	

PROJECT PROFILE NO. 13

SUBSECTOR: Engineering industry (electrical equipment)

1. Project Title: Establishment of a compressor plant

2. Objective: To produce compressors for installation in domestically manufactured refrigerators as well as meet demand for replacements and maintenance

3. Promoter/ sponsor	5. Project status	7. Raw materials
4. Location	6. Immediate follow-up	8. Energy
3. Governments of Morocco (ODI), Tunisia (BTKD- Tunisian Ku- waiti Develop- ment Bank) and the Libyan Arab Jamahiriya	5. Agreement signed between Libyan, Algerian and Tunisian parties and negotiation teams set up. Project under active negotiation/discussion	7. Certain semi-manufactured components will be imported and others manufactured locally
4. To be deter- mined, most likely Algeria	6. Detailed negotiations and implementation agreements	8. Available
		9. Available

10. Projected demand by product	12. Capacity by product	14. Additional information including collaboration arrangements already made and type of participation sought by member states
11. Market	13. Total investment	

10. In Libya, maintenance replacement re- quirements: 1990: 111,000 1995: 139,000 New installations: 1990: 100,000 1995: 120,000 Algeria: 700,000 Morocco: 150,000	12. 1,000,000 units per annum	14. An agreement between the companies from Libya, Algeria and Tunisia was signed in April 1988 to establish a plant to manufacture 1,000,000 units. Morocco is expected to join the project. The nego- tiation teams are meeting in Algeria end April 1988 to finalized details of co-opera- tive venture and establish joint company. Past studies undertaken separately by the co-operating parties indicate a market of the size of 200,000 refrigerator compressor units for Libya; 700,000 for Algeria; and 150,000 for Morocco (90% in private sector). Figures for Tunisia are not available.
11. Market estimates amount to 1 million units per annum	13. To be specified in the detailed study	

B. CORE PROJECTS IDENTIFIED IN THE REVISED INTEGRATED PROGRAMME (1988)

14. Establishment of textile industries (Libya/Morocco)

The project is principally aimed at meeting the local demand for textile products in the two countries. The recently established Libyan-Moroccan investment company SALIMA, has financed the setting up of a company, VETNORD.

15. Establishment of food industries (Libya/Morocco)

The project is likewise being discussed by the Government bodies concerned in Libya and Morocco. The project is principally aimed at meeting the local demand for food products in the two countries. Details are being considered by both parties and it is expected to be financed by the Libyan-Moroccan company SALIMA.

16. Establishment of leather industries (Libya/Morocco)

The project is also being considered by the Government bodies concerned in Libya and Morocco. The project is principally aimed at manufacturing higher-value added products, using local raw materials (hides and skins), to meet growing domestic demand and to serve possible export markets. A company MAPROC has been established with the financing provided by the SALIMA.

17. Production of vegetable oil (Sudan/Tunisia/Algeria/Morocco/AIDMO)

The objective of the project which is based on the oil-seed production potential of the Sudan is to meet the increasing demand for edible oils in the countries in the subregion. The Government of Sudan (Ministry of Industry) in collaboration with AIDO has proposed that the project be established in the Sudan. A pre-feasibility study, financed by the Arab Agricultural Fund has already been carried out by AIDO. Abundant raw materials and infrastructure are potentially available in the Sudan. AIDO is reported to be carrying out advance promotion. The Government of Sudan also wishes to enter into joint projects with the countries of North Africa on the basis of joint investments in production facilities designed to overcome the acute shortage of edible oil in the subregion. This project offers major potential for co-operation in ensuring subregional food security. Sudanese authorities indicated the need to finance a complete feasibility study that it is estimated to cost some \$500,000.

18. Production of fine cotton yarn
(Sudan/AIDMO/Tunisia/Morocco/Algeria/Libya/Iraq/Syria)

The objective of the project which is based on Sudanese cotton resources is to meet the demand in the countries in the subregion. The implementation of the project has progressed substantially in the past months. A company has been established to produce 25,000 tons yarn a year. It is a joint-venture between Sudan, co-ordinated by the Sudanese Development Corporation, and a group of Arab firms, that are the financial promoters. The expected profitability of the project that

would serve the whole subregion is very high. The Government of Sudan also wishes to enter into joint projects with the countries of North Africa on the basis of joint investments in production facilities designed to meet the demand for cotton yarn in the subregion. The project offers major potential for subregional co-operation.

19. Nafta el Oued brickmaking plant (Algeria/Tunisia)

This is a joint Algerian-Tunisian project to be set up at Nafta el Oued in Tunisia. A joint company, SOBRINEL, has been established.

20. Establishment of pharmaceutical industries (Libya/Morocco)

The project which is being considered by the Government bodies concerned in Libya and Morocco is designed to enhance their self-sufficiency in basic pharmaceutical and medical products. It is expected that the details will be finalized in the near future.

21. Production of urea nitrate (Libya/Tunisia)

This project is also being considered for discussion between the Governments of Libya and Tunisia. It is designed to enhance their self-sufficiency in chemical products.

22. Production of phosphate fertilizers (Sudan/Tunisia)

It is planned to locate the project at Port Sudan in the Sudan: it is a joint venture between the Governments of Sudan (Ministry of Industry) and Tunisia (Ministry of National Economy, represented by SIAPE - Société Industrielle d'Acide Phosphorique et d'Engrais). A protocol has been drawn up and a proposal prepared by SIAPE is being considered by the Sudanese authorities. Tunisian partners will supply the major raw materials (phosphate) needed to meet the fertilizer needs of the Sudanese agricultural sector. The project aims at manufacturing phosphate fertilizers in the Sudan based not only on phosphate raw materials supplied by Tunisia but also on technical/financial assistance from that country. It is anticipated that a joint company will be established with partners from the Governments of Sudan (Ministry of Industry) and Tunisia (Ministry of National Economy represented by SIAPE) as well as other interested parties to produce over one million tons of phospho-nitrogenous fertilizers and employ over 600 persons. A study to assess the export potential has been conducted by Tunisia, but it needs to be updated. A specific protocol of co-operation has to be drafted.

23. Production of nitro-phosphates (Algeria/Tunisia)

The project is planned jointly by Algeria and Tunisia. No decision has been reached on its location. Technical studies are being prepared prior to implementation.

24. Production of petrochemical products such as acetic acid, bitumen, base lubricants and transformer oils and monovinylacetates (MVA) (Algeria/Tunisia)

The project is under discussion as an idea for joint implementation by Algeria and Tunisia.

25. Production of chemical products such as synthetic glue, titaniumdioxide, pigments and organic colours, mineral colours and pigments, sodium sulphate and barytine derivatives (Algeria/Tunisia)

The project is under discussion as an idea for joint implementation by Algeria and Tunisia.

26. Manufacture of household washing machines (Algeria/Libya)

The project is expected to be located in Libya. It is designed to meet the local market demand in Libya and to ensure the better utilization of the country's industrial resources and capacities. It will be undertaken by the Public Company for Refrigerators and Stoves (Ministry of Industry, Libya) in collaboration with a counterpart company in Algeria. Implementation is reported to be in progress and arrangements have already been made to the satisfaction of the co-operating companies and their Governments.

27. Production of passenger cars and utility vehicles (Algeria/Libya)

The project is expected to be located in Libya. It is designed to establish the progressive manufacture of motor cars in Algeria and Libya on the basis of mutual co-operation. Protocols have already been drawn up by the Ministries of Industries in both Governments, covering the planning, design and implementation of the project. The latter stage is reported to have been reached. The designed capacity is 120,000 cars per year. The project is of major industrial and economic significance to the co-operating countries, particularly since it offers major potential for the development and transformation of associated industries based on the manufacture of cars as well as the possibilities for greater co-operation between these and other countries in the subregion.

28. Production of gearboxes for automobiles (Algeria/Libya)

The project will be located in Algeria. It is designed to supply products that will increase the local content of the progressive manufacture of automobiles as well as expand the industrial structure in Algeria and Libya, the co-operating countries. The necessary protocols have been drawn up within the overall context of the production of passenger vehicles. A joint venture company is being established to implement the project(s). The project appears to offer major potential for expanded co-operation between these and other countries of the subregion.

29. Production of high-grade diesel engines for tractors and trucks (Algeria/Libya)

Located in Algeria and with a planned capacity of 7,000 units per year, the project is designed to enhance self-sufficiency and meeting the demand for capital goods in the two co-operating countries, Algeria and Libya. The protocols between the Governments of Algeria and Libya have already been signed and the institutional arrangements made, including the establishment of a joint company. The project is under the Arab Libyan-Algerian Company for industrial development. The planning, design and implementation of the project are under way. The project

will draw on the experience that Algeria has gained in this field. The project appears to offer good potential for expanding co-operation between the countries in the subregion.

30. Production of light vehicles for desert use (Algeria/Libya)

Located in Algeria, the project will be undertaken jointly by Algeria and Libya. It is designed to expand the scope of the progressive manufacture of automobiles in both countries and to contribute to strengthening their industrial structures. Planned capacity is 10,000 units per year. The protocols have already been drawn up between the two Governments and suitable institutional arrangements made. The project is under the Arab Libyan-Algerian Company for industrial development. The planning, design and implementation are under way. The project appears to offer good potential for expanding co-operation between other countries in the subregion.

31. Aluminium complex (electolytic process) (Algeria/Libya)

The project is a joint Algerian and Libyan venture and is designed to establish the manufacture of aluminium and light industrial products. The project is under the Arab Libyan-Algerian Company for industrial development.

32. Production of lorries (Libya/Tunisia)

The project is being considered for discussion between the Governments of Libya and Tunisia. It is designed to enhance self-sufficiency in the capital transport equipment. Details are being studied by the parties concerned and discussions will commence soon.

33. Production of high-tension electrical transformers (Algeria/Tunisia)

The project is planned as a joint project between Algeria and Tunisia. It will be located at Kasr-Bokhari in Algeria. A joint company, SOMITRA, has been established and implementation has begun.

34. Construction of metallic structures (Algeria/Tunisia)

The project has been implemented jointly by Algeria and Tunisia in Tunis (Tunisia). A joint company, SOTAC, has been established for this purpose.

35. Manufacture of machinery for sheetmetal work (Algeria/Tunisia)

It is planned to set up this joint Algerian-Tunisian project at Batna (Algeria). A joint company, SOMATOLE, has been established. The plant is still not in operation.

36. Manufacture of machinery for processing plastics (Algeria/Tunisia)

The joint Algerian-Tunisian project is to be set up at Setif (Algeria). A joint company, SOMIPLAST, was established in September 1987. The project is progressing normally and a tender has already been issued.

37. Production of textile machinery (Algeria/Tunisia)

Algeria and Tunisia have set up a joint company, MTM. The project is progressing but still it is not in operation.

38. Manufacture of gears and reduction gears (Morocco/Tunisia)

A joint company between Tunisia, Morocco and France has been established in 1990. It is located at Naassane (Tunisia). The actual production is 2,800 reduction gears and 57 tons of gears. The total investment was 0.8 million Dinars. However the plant is facing technical and marketing problems and assistance should be provided within the IDDA subregional programme.

39. Industrial forge project (Morocco/Tunisia)

A joint Moroccan-Tunisian venture, the company has been established in Morocco.

40. Production of thermostats, evaporator sheets, heat exchangers, cooking stoves, micro-motors, control panels, TVs, cassettes, and printed circuits (Algeria/Tunisia)

The project is being discussed as an idea for joint implementation by Algeria and Tunisia. Studies have already been undertaken in respect of some of the products and would be discussed at the upcoming meeting of the two countries' joint committee. Only the production of printed circuits is progressing. AIDMO is also actively promoting a study on the manufacture of telephone switchboards in the Maghreb region. Detailed feasibility studies on increasing the domestic content in the production of televisions had, however, confirmed the viability of the project for which the participation of interested parties was being sought.

41. Production of pistons, gudgeon pins, casings, sleeves, bearings and transmission chains (Algeria/Tunisia)

The project is being discussed for joint implementation by Algeria and Tunisia. In respect of a related joint Libya/Algeria project, consideration is being given to transform it into a tripartite project by adding Tunisia.

42. A joint steel complex (Algeria/Libya/Mauritania/Morocco)

The objective of the project is to enhance self-sufficiency in steel products. The project has been previously promoted by AIDO as an inter-Arab project. A joint company between Mauritania and Kuwait has been created in 1978 with the objective to extract and transform iron ore. More recently Algeria, Libya and Morocco showed interest to join the project, and the Société Naturelle des Industries minières (SNIMS), in January 1989 agreed with Algeria and Libya to create a joint company to be open to Morocco and Tunisia in the future. Hydro-geologic and topographic studies have already been executed by SNIMON on behalf of SIDER (Algeria) and CDI (Libya). About US\$ 800 million will be invested in the new project, which includes also the expansion of the existing

facilities for the transportation of the products to the port. At this stage, Algeria, Libya and Mauritania have decided to establish a committee to carry out a feasibility study (Estimated cost: US\$ 6 million).

C. **NEW CORE PROJECTS INCLUDED IN THE NEW INTEGRATED PROGRAMME IN 1990**

43. Rehabilitation of a cement factory (Morocco/Algeria)

A programme of rehabilitation of the existing factory that is located in Oujda (Morocco) has been requested to be included in the subregional programme.

44. Expansion of fish-processing factories (Mauritania/Algeria)

This joint venture between Mauritania and Algeria, which is currently operating needs to expand its facilities in order to meet the growing demand for fish production in Algeria.

45. Joint project for the production of graphite electrodes in Egypt. (EGY/LYB/ALG/MOR/AIDMO)

The project is in an advanced status of implementation. Final discussions are expected to lead to its actual implementation in Egypt.

46. Production of electric control panels (Algeria/Lybia)

This project is being implemented under the Arab Algerian-Libyan company for industrial development.

47. Establishment of a sheetglass production unit (Algeria/Maghreb)

During the meeting of the Maghreb Minister of industry that was held in May 1990, it was decided to set up a company producing 100,000 tons of sheetglass for the Maghreb market. A feasibility study is being prepared.

48. Establishment of a meat processing centre (Mauritania/Maghreb)

In consideration of the current production and of the relevant potential for export, the project to establish a meat processing centre in Mauritania is under discussion among the Maghreb countries.

A. SUPPORT PROJECTS IDENTIFIED IN THE FIRST INTEGRATED PROGRAMME (1984)

PROJECT PROFILE NO. 1

SUBSECTOR: Industrial manpower development

1. Project Title: Assistance in the development of an industrial training programme

2. Objective: To prepare a comprehensive inventory of facilities for industrial training in the subregion and to evaluate their programmes and activities and to strengthen a number thereof in order to improve the training of the industrial manpower required in the region.

3. Promoter/sponsor 6. Project description and additional information

4. Location

5. Estimated total cost

3. ECA/OAU/UNIDO

4. Countries of the subregion

5. Costs vary with each sub-project at the national or subregional level

6. Background: The project will provide a complete survey and evaluation of all training facilities/schemes in the subregion on the basis of which comprehensive subregional training programmes can be prepared and implemented, due consideration being given to existing training facilities in industry. Within the framework of the IDDA, as well as its regular technical co-operation programme, assistance has been provided by UNIDO to several institutions in Morocco, Egypt and Algeria with the aim of re-enforcing their training capacity for the benefit of the other countries in the subregion or Africa as a whole. AIDO has issued a directory of training institutes in the Arab region, citing details of areas covered and courses given, that was updated every two years. In the UNIDO/AIDO agreement, it had also been agreed to organize training related to: industrial management and quality control; industrial project preparation and evaluation; and

industrial maintenance. The courses were a direct outcome of a training strategy that UNIDO had developed for the subregion which also includes strengthening engineering capabilities in the small-scale industry sector. ECA had also distributed lists of training courses which, it was hoped, would contribute to the development of an effective training framework for the subregion. The importance of a project of this kind of industrial training was confirmed during the UNIDO consultation on training of industrial manpower held in Stuttgart in 1982. It was also agreed to retain the project which would, inter-alia, permit the strengthening of institutions and professional training centres in the subregion and contribute to the acquisition of improved industrial labour skills.

PROJECT PROFILE NO. 2

SUBSECTOR: Industrial manpower development

1. **Project Title:** Improvement of industrial consultancy and management capabilities
2. **Objective:** To identify appropriate industrial management and consultancy institutions in the subregion with a view to strengthening their contribution to the implementation of the programme for the Decade.

-
3. **Promoter/sponsor** 6. **Project description and additional information**
4. **Location**
5. **Estimated total cost**

-
3. **ECA/OAU/UNIDO** 6. **Background:** AIDO has carried out a study identifying consultancy services in the Arab world. This study which covers the Arab world, includes the countries of the subregion. It would therefore constitute an important basis for the project. The actions taken by UNIDO in assisting specifically the Maghreb countries in the establishment of a Maghreb Association of consultancy and engineering firms, have been included in the support projects component of the subregional programme as a separate project.
4. **Countries of the subregion**
5. **Costs vary with each sub-project at the national or subregional level**

PROJECT PROFILE NO. 3

SUBSECTOR: Industrial manpower development

1. Project Title: Development of local entrepreneurship (Directory of small-scale industrial project profiles)

2. Objective: To upgrade entrepreneurial industrial capabilities in the small-scale industry, thereby promoting the establishment of those types of small-scale and manufacturing industries required during the second Industrial Development Decade for Africa (1991-2000).

-
- | | |
|--------------------------------|--|
| 3. Promoter/sponsor | 6. Project description and additional information |
| 4. Location | |
| 5. Estimated total cost | |
-

- 3. ECA/OAU/UNIDO**
4. ECA, Addis Ababa
5. To be determined

6. The project aims at assisting countries in the sub-region in laying the foundation for the accelerated rational and integrated development of the small-scale industry subsector with a view to satisfying basic consumer needs and development needs in rural and urban areas, as well as achieving the objectives spelled out in the programme for the second Decade. The directory of project profiles will provide local small-scale industrial entrepreneurs with the detailed information and guidance they require for initiating, preparing and implementing small-scale industrial projects, with or without the help of extension services. It is envisaged that the directory of project profiles will be developed into a handbook for entrepreneurs and African investors interested in small-scale industrial promotion units. The first edition of the directory has already been completed and distributed by ECA. Furthermore, UNIDO has produced and distributed a study on "How to start manufacturing industries" containing project profiles for small-scale industries. AIDO has also developed some model legislation that could serve as a useful guide for national legislators wishing to improve legislative support for small-scale industrial entrepreneurs.

PROJECT PROFILE NO. 4

SUBSECTOR: Other support projects

1. Project Title: Promotion of the foodprocessing industry in North Africa

2. Objective: To assist the countries of North Africa to develop food processing and preservation industries based on local raw materials with the aim of achieving self-sufficiency in food production.

-
- | | |
|--------------------------------|--|
| 3. Promoter/sponsor | 6. Project description and additional information |
| 4. Location | |
| 5. Estimated total cost | |
-

- 3. AIDO and the Arab Federation of Food Industries**
- 4. Baghdad**
- 5. US\$150,000**

6. Background: In their studies, The AIMDO and the Arab Federation for Food Industries have identified the need to promote the development of food and allied industries in North Africa. There is a shortage of food supplies, hence the subregion imports a great amount of food such as vegetable oil, sugar, dairy, cereal products, baby and canned foods.

Activities: Given the above, it is proposed to carry out a survey of existing food processing and preservation industries in the countries of North Africa. On the basis of this study, opportunities will be identified and a programme prepared, consisting of the rehabilitation of existing industries, establishment of new industries and the development of related manpower and technology. Member States will be encouraged to formulate concrete investment projects for inclusion in the subregional programme at a later stage and for the mobilization of the funding required. UNIDO is carrying out an extensive project for the rehabilitation of agro-based industries in North Africa. In particular, a project for rehabilitation of the Tunisian agro-food sector, is planned to be implemented by UNIDO under Italian financing. Similar projects are also expected to be carried out in Algeria and Morocco within a similar financing scheme.

PROJECT PROFILE NO. 5

SUBSECTOR: Other support projects

1. **Project Title:** Upgrading of the Tunisian National Centre for Leather and Footwear into a subregional centre
2. **Objective:** To establish a subregional centre for North Africa

-
3. **Promoter/sponsor** 6. **Project description and additional information**
4. **Location**
5. **Estimated total cost**
-

3. **Tunisia: National Centre for Leather and Footwear**
4. **Tunisia**
5. **Studies currently in process in conjunction with UNIDO**
6. **The project stems from a recommendation made by UNIDO and ECA and subsequently retained by the Conference of African Ministers of Industry. It is planned, with the assistance of UNIDO to:**
- (a) Undertake an appraisal of the current situation at the National Centre for Leather and Footwear; and
- (b) Take all necessary steps to upgrade the Centre into a subregional centre.

The above actions are considered within the newly launched large-scale regional leather programme for Africa within the framework of the IDDA.

PROJECT PROFILE NO. 6

SUBSECTOR: Other support projects

1. **Project Title:** African Regional Centres for Genetic Engineering and Biotechnology
2. **Objective:** To establish regional centres for genetic engineering and biotechnology.

-
3. **Promoter/sponsor** 6. **Project description and additional information**
4. **Location**
5. **Estimated total cost**
-

3. Tunisia (Ministry of Higher Education and Scientific Research) and Egypt
4. Tunisia and Egypt
5. To be determined
6. **Background:** During the negotiations in Vienna on the establishment of an International Centre for Genetic Engineering and Biotechnology, it was recommended to establish initially two centres, one in Italy and the other in India. It was further recommended to establish five component centres in the developing countries, two of which would be located in Africa.
- Follow-up:** It is proposed to hold consultations with the countries of the subregion with a view to obtaining their strong support for the decisions made in Vienna to establish two of the component centres in Africa and to decide on their location as well as to prepare a programme for technical and financial assistance to the host countries in the establishment of the centres. The two Governments have gained considerable experience in this field and have agreed to establish the two centres in their countries.

B. SUPPORT PROJECTS IDENTIFIED IN THE REVISED INTEGRATED PROGRAMME (1988)

7. Joint Tunisian/Libyan company for industrial maintenance and assembly
8. Study on the promotion of capital goods manufacture in North Africa

It was requested that UNIDO' in co-operation with AIDO, CEIM and other relevant organizations, should assist in the preparation of a subregional market study that would identify the capital goods production capability of each country, based on a survey and feasibility studies relating to the different core industrial subsectors.

9. Technical studies on the promotion of subregional co-operation in the fish-processing industry

Given the need to draw up a plan for improving the fish-processing industry and in the light of earlier studies carried out by UNIDO relating to that sector, UNIDO was requested to provide, in co-operation with the relevant subregional organizations, all the assistance necessary for studies that would focus on two specific issues: (i) the modernization of that sector with a view to improving processing capacity and product valorization; and (ii) the modernization of the processing, preservation and distribution methods, particularly in rural areas. A model for the application of the integrated programme approach to the fisheries industrial systems in Africa has been developed by UNIDO. (See "Integrated Planning of Fisheries Industrial Systems in Africa", [CAMI.9/2:ICE/1989/2], 14 March 1989). On the basis of data collected in co-operation with FAO, a sectoral typology of the fisheries industrial systems of developing countries has been prepared. Ten groups of countries were identified as having discrete development patterns and development potential. The analysis examined potential fish resources, manpower, equipment and markets and summarized favourable and adverse factors. On this basis, a series of planning objectives was suggested for each country group, along with a proposed strategy to achieve the desired goals. The approach already applied in West Africa could also be used in North Africa in relation with the subregional programme.

10. Technical studies on the promotion of a subregional marine repair and maintenance industry

In the interests of ensuring the harmonious and efficient utilization, in co-operation with the relevant subregional organizations, of halieutic resources and maritime transport, UNIDO was requested to provide the assistance necessary for technical studies that would focus on establishing a marine repair and maintenance industry based on pilot projects located throughout the region.

11. Technical studies related to industrial pollution

Given the serious situation facing the coastal regions of North Africa arising out of the inordinate and hazardous effluents in the Mediterranean Sea, due not only to the urban and industrial waste of the countries on the northern shores, but also to the fact that 45 per cent of the world's oil was transported across this semi-closed sea, it was essential to contain environmental pollution. UNIDO has recently

drafted a project document to assist Maghreb countries in assessing industrial pollution policies and strategies. The project is expected to be financed through the Swedish funds to UNIDO.

12. Subregional consultations on specific sectors

In view of the need to avoid the duplication of projects, it was considered essential to introduce some form of consultative mechanism. Consultations, it was proposed, should initially be held on the following sectors: industrial equipment; textiles, including synthetic fibres; industrial engineering and maintenance; leather; iron and steel; complementary industries such as the automotive industry; agro-food industries; the electrical and electronic industries and chemical and petrochemical industries. The consultations, which should also be organized by UNIDO, AIDO and CEIM and attended by banking institutions such as the ADB, would facilitate the elaboration of national strategies and pave the way for effective industrial integration in the subregion.

C. NEW SUPPORT PROJECTS INCLUDED IN THE INTEGRATED PROGRAMME (1990)

PROJECT PROFILE NO. 13

STATUS: Idea stage

SUBSECTOR: Institution building

1. **Project title:** Assistance to the development of Maghreb capabilities in industrial consulting and engineering.
2. **Objective:** To assist UMA institutions (Secretary-General) to develop Maghreb capabilities in industrial consulting and engineering through the establishment of a Maghreb Federation of Consultants, the review of national regulations and institutional frameworks presently opposing the development of the profession and the formulation of recommendations of instruments, measures and mechanisms to promote these capabilities at the sub-regional level.
3. **Status of implementation:** Under discussion
4. **Partner/sponsor/institution:** Union du Maghreb Arabe.
5. **Location:** General Secretariat of UMA
6. **Estimated cost:** US\$135,000
7. **Estimated duration:** Nine months
8. **Action required/recommendation:**

Creation of the Federation of Maghreb Consultants. National Federations have expressed their willingness to proceed with the establishment of the regional Federation during the Tunis meeting (October 1990).

9. **Project description and additional informations:**

Industrial consulting and engineering services are required at all places of institutional investment (pre-investment and feasibility stage, engineering design, procurement, construction, as well as for management, operation and maintenance). These services are fairly well developed in Maghreb countries for buildings and infrastructure projects. When it comes to industrial investment, most of these services are imported at high cost. The severe limitations in foreign exchange and access to external financing presently experienced by Maghreb countries is leading to the postponing of substantial parts of industrial development.

The technical assistance project to assist the Maghreb countries to develop these capabilities will consist of:

- A 3 month study to: (i) analyze the demand for industrial and consulting engineering services; (ii) to identify the constraints and obstacles opposing the development of the profession in terms of regulations and institutional framework; (iii) to recommend the measure instruments over mechanisms to be implemented to promote the development of these capabilities;
- A technical assistance of 6 man months during the implementation phase.

PROJECT PROFILE NO. 14

STATUS: idea stage

SUBSECTOR: training

1. **Project title:** Studies on co-operation of Maghreb countries with other regional and sub-regional institutions (ACC, GCC, Africa, OECD and EEC).
2. **Objective:** To assist the regional co-operation process by providing relevant surveys and studies on selected topics related to the co-operation of Maghreb, North Africa with other regional and sub-regional grouping (Africa, other Arab groupings, OECD/EEC).
3. **Status of implementation:** Three preliminary studies have been completed by UNIDO.
4. **Partner/sponsor/institution:** UMA/UNIDO
5. **Location:** Desk studies, involving data collection trips to various countries.
6. **Estimated cost:** US\$600,000 each year
7. **Estimated duration:** N/A
8. **Action required/recommendations:** N.A.
9. **Project description and additional information:**

During the last year UNIDO has carried out three studies related to regional co-operation between Arab, Maghreb and EEC/OECD countries in the following topics: (i) Co-operation between Maghreb and other regional groupings; (ii) Status constraints and prospects of co-operation between Arab and OECD/EEC countries in investments. To contribute to the industrial co-operation process taking shape in Maghreb and North African countries, it is highly recommended that UNIDO continue this activities by carrying out yearly 3 to 4 studies in selected topics to be defined in the framework of an integrated programme.

PROJECT PROFILE NO. 15

STATUS: Idea stage

SUBSECTOR: Institution building

1. **Project title:** Harmonization of regulations and incentives for the promotion of industrial investments.
2. **Objective:** To assist Maghreb in the harmonising and unifying regulations and incentives related to industrial investments (local and foreign).
3. **Status of implementation:** UMA has already established specialized committee, actively working on the harmonization of regulations and incentives for investment^a, and on the setting up of a Custom Union before end of 1995.
4. **Partner/sponsor/institution:** UMA
5. **Location:** UMA General Secretariat
6. **Estimated cost** US\$540,000
7. **Estimated duration:** 36 man months (during 5 years)
8. **Action required/recommendations:**

The project will consist in providing in an ad hoc basis, expertise related to regulations, mechanisms and instruments experienced in other regional co-operation schemes such as EEC, Andean group and Asean countries. The project will complement the work of local experts in providing short term international experts for very specialized and specific aspects related to regulation and incentives for the promotion of industrial investments (local and foreign).

PROJECT PROFILE NO. 16

STATUS: under discussion

SUBSECTOR: Institution building

1. **Project title:** Establishment of a Maghreb Industrial Information Network.
2. **Objective:** To make available industrial data, information, statistics required for execution of studies related to the building up of regional industrial co-operation.
3. **Status of implementation:** A study on the organization and the implementation phases of the Maghreb Industrial formulate network has already been carried out and will be presented to the Tunis meeting on industrial co-operation (October 1990).
4. **Partner/sponsor/institution:**

The Maghreb industrial information would be established within a relevant institution of UMA, most probably the CEIM (Centre de études Industrielles du Maghreb).
5. **Location:** To be decided
6. **Estimated cost:** N.A.
7. **Estimated duration:** At least 2 years.
8. **Action required/recommendations:**

To carry out the numerous studies required for the building up of Maghreb industrial co-operation, easy access should be available to statistics and studies related to the economy, industrial sectors and sub-sectors of the five Maghreb countries, on industrial enterprises, on use of required technologies, on marketing informations inside and outside Maghreb countries. The study already carried out on the subject provides comprehensive information on the content of data required on the existing sources, on the organization of such a center as well as on the design of the project.

The project is conceived as a network linking existing information centres on data bases, and will use inputs from existing institutions such as UNIDO/INTIB, and the sub contracting network being implemented by UNIDO in Algeria, Tunisia, Morocco, Egypt and Sudan.

PROJECT PROFILE NO. 17

STATUS: Idea stage

SUBSECTOR: Training

1. **Project title:** Assistance to the development of UMA sectoral planning capabilities.
2. **Objective:** To assist UMA institutions (General Secretariat) and specialized committees or sub committees in carrying out sectoral studies at the sub regional level.
3. **Status of implementation:** The implementation of this project is linked to the establishment of a permanent UMA General Secretariat
4. **Partner/sponsor/institution:** UMA.
5. **Location** General Secretariat of UMA.
6. **Estimated cost:** US\$500,000
7. **Estimated duration:** Two years (with possible extension)
8. **Action required/recommendation:**

UMA authorities to decide on a programme of priorities in the execution of sub-sectoral studies.

9. **Project description and additional informations**

During the second Maghreb industrial meeting (Tunis 23-24 July 1989), the industrial committee for industry has decided to launch sub-sectoral studies for the Maghreb region in the following areas:

- Construction materials (cement, bricks and glass sheets);
- Metallic and engineering industries;
- Vehicles and trucks assembly;
- Textile and leather industries;
- Electrical and household products;
- Medical and pharmaceutical products;
- Railways development.

The establishment of specialized committees and sub-committees in-charge of identifying and implementing actual industrial co-operation projects calls for the execution of numerous sub-sectoral and product planning studies. The technical assistance project will consist in assisting the General Secretary's unit in-charge of regional sub-sectoral studies.

The assistance could be provided by fielding of a Chief Technical Advisor for two years to familiarize local regional planners and economists with the methodologies and models for location optimization. The project includes also the supply of computer facilities and software.