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A REVIEW OF INDUSTRIAL ESTATE DEVELOPMENTS IN AFRICA

Two case studies presented separately to the Seminar on Industrial Estates have dealt in detail with the developments in Nigeria and the U.A.R. The present paper summarizes, within limits of available information, developments in ten additional countries.

Somalia: The First Five Year Plan (1963-1967) of the Somali Republic envisages the setting up of:

(a) three larger industrial estates, and
(b) seven smaller industrial estates.

It is proposed to locate these estates in different urban centres of the country.

The larger estates, it is stated, will have an area of 40 hectares each. The eventual provision (over a period of 10 to 15 years) is for 100 to 150 small-scale industrial units in each estate, although initially arrangements are being made for the establishment of ten units. The estates will provide developed plots of land equipped with supplies of self-generated power and water, roads and facilities like telegraphic and telephonic connexions. Buildings are proposed to be built but this will not apply to all plots on the estate. The Plan seems to rule out subsiding of the rent for either buildings or plots, at least as a general rule. Insofar as the first ten industrial units are concerned, the Plan postulates preparation of detailed schemes based on market and other surveys to attract the first entrepreneurs. In addition to the small-scale industries, handicraft industries will also be encouraged to

locate themselves in these estates so as "to avail of the common services to be provided by these estates and to derive the advantages which are inherent in the concentration of a large number of industrial units in a locality."

The seven smaller industrial estates will cater mainly for the handicraft industries.

The actual progress in the implementation of these schemes is not known.

South Africa: Industrial estate developments in South Africa rarely seem to provide for buildings irrespective of their source of financing, private developers or local authorities or the Government. However, most estates seem to be well provided with roads, water, drainage and power facilities.

Developments by private developers would seem to fall into three classes. In the first place, private developers come in where proximity to a major city or harbour or existing industrial area offers promise of selling the land at a profit. Secondly, there are cases where a steelworks or a refinery will set up an estate on adjoining land for ancillary and auxillary industries. In the third place, mining companies have often laid out estates for the development of dependent industries.

Local authorities are prompted either by the object of increasing their tax base or to provide diversification in employment where a town has a single-industry base or to benefit from the spillover of population when in a larger city like Johannesburg costs of land, etc., make a shift from it desirable.

Government authorities come in primarily to pursue larger policies such as desire for decentralization of industry or the development of a specific region or the aiding of a depressed area.

The estates vary in size - from 10 to 500 acres - and the factories

on them also range in size - from 2,000 sq.ft. to several acres. The cost of these estates has varied from R 2,000 to R 10,000 per acre.

The element of special inducement enters only in the case of industries locating themselves in certain under-developed areas and includes concessional railway rates to urban centres, tax concessions and the provision of cheap water and power.

Kenya: The consideration of developments in Kenya falls into two pars:

(a) Eleven principal rail-served industrial estates are located in Nairobi, Mombasa, Changamwe, Nakura, Kisumu, Eldoret, Kitale, Naivaska, Thika, Thomson's Falls and Nayuki. All of these except Changamwe are administered by East African Railways and Harbours.

Plots are provided on leasehold terms (upto 99 years in the case of the larger towns and upto 30 years in the case of the smaller towns), and are made available to only those who intend using them at an early date. "Special" industries and "offensive" industries are usually grouped separately.

Plots are provided with access to roads. The estate as a whole is provided with public sidings and it is possible for larger plot-holders to get private sidings. Water supply is laid to plot boundaries as are sewers and storm water drainage. Electricity and telephone arrangements are to be worked out with the relevant authorities. Detailed building plans need the approval of the administering authority.

The purchaser of the plot has to pay a stand premium calculated at one-fifth of the capital value of the land, and an annual rental at 5% of the balance

of the capital value. Development charges are payable by the plot-holder. These amount, for example, to £2,500 per acre in Nairobi where all facilities mentioned earlier are provided. The plot-holder is also required to pay legal and survey fees as well as stamp duty.

In other words, industrial estate development in this context, in common with most South African developments, affords to the prospective entrepreneur several facilities in a more or less comprehensive transaction, rather than an element of incentive or subsidy.

(b) In a specifically small-industry context, the Government of Kenya have initiated two small schemes.

The first scheme - the Karatina industrial estate - is located at Karatina in the central region. The Government provided funds for a railway siding and demarcation with a view to encouraging decentralization of industry into a highly populated rural area. However, no plots have been taken up and the scheme is therefore not operative.

The second scheme - the Shauri Moyo Estate - is located in predominantly African part of the capital, Nairobi. Funds were provided in this case also on a basis similar to Karatina. In this case also no plots have been taken up and the scheme is therefore dormant.

Both schemes are sponsored by the Ministry of Commerce and Industry acting through the African Industrial Estates Development Fund. In both cases the paucity of funds for building with the African entreneur

have created a total lack of response which can be cured only by the Government putting funds into building or at least plot development upto the foundation level.

Tanganyika: Eighteen rail-served industrial areas are located in Tanganyika, on a basis similar to that described in the case of Kenya, and four more are planned. The basis of payment for the plots is different in the details of calculation, but proceeds from the same commercial considerations. The administering authority is vested in the Lands Commissioner, and the land is controlled directly by the Government. East African Railways and Harbours are involved only so far as siding facilities, railway switches, etc., are concerned.

Authorities in Tanganyika have also worked on schemes which can be properly regarded as industrial estates.

Arising from the Three-year Development Plan (1961-1964), the Government visualized two kinds of schemes to enable a breakthrough by indigenous African entrepreneurs.

The aim was to develop a fully pre-serviced industrial estate which also provided factory units. Some funds were provided and a pilot scheme was proposed to be launched in Dar-es-Salaam involving the following basic features: individual factory units; 800 square feet of working space located in ½ to 1 acre plots; letting on a rental basis to Africans; and costs per unit of about £1,000.

The second scheme - it is not clear whether this was in substitution of the first scheme - envisaged the construction of a building with two wings. One wing was to contain about twelve individual factory units. The other wing was to contain a series of administrative functions - accounting, secretarial services, general management, etc. - which would be available to the industrialists for short periods on a regular basis adequate for their needs.

The whole project was eventually rendered dormant to meet exigencies of public finance, but it is believed, that the authorities are keen on resuscitating the schemes in the near future.

Uganda: Five rail-served areas exist, on lines broadly similar to Kenya and Tanganyika, in Kampala, Jinja, Mbale, Tororo and Kasese.

Considerable interest exists in the establishment of industrial estates particularly with a view to helping the indigenous Ugandan entrepreneur. Some studies have been made through the agency of the Uganda Development Corporation. But no industrial estate schemes, in the precise sense of the term, have yet come into being.

Southern Rhodesia: Development of industrial estates has been mostly in the hands of local authorities or the Central Government. Most estates are located in larger cities and offer fully serviced sites which provide roads, sewerage and stormwater drainage, water mains and supplies of electricity. Few of the estates, however, offer railway siding facilities to individual sites. In still fewer cases, the Central Government has put up some small scattered buildings in advance of demand for leasing to new factories. However, no special inducements are made available for industrial units on estates as such.

One experience in Southern Rhodesia is of interest. Around 1950, Norton was set up as an industrial estate, which would function as a satellite township to Salisbury. Adequate and cheap services were provided. Nonetheless, Norton has proved unattractive to new industries, principally because the salaried staff (and their wives) has been reluctant to live in a small town with limited social amenities.

Ghana: Three developments can be recorded in the case of Ghana.

Firstly, the Nyanibah Industrial Estate was set up on the outskirts of Accra by the Ghana Estate Investment Company, a subsidiary of the Industrial Development Corporation. The dissolution by the State of the

Industrial Development Corporation took place while the estate was being completed, and presently the estate is managed by the Housing Corporation.

The estate has 82 bays, not all individually partitioned. As of now, the estate has not retained the character of one, the bulk of the bays having been given over for warehousing. A few odd industrial units exist though. No common facilities of any sort seem to be available.

Secondly, a large attempt has been made to remove repair shops and other light industries run on an artisan or semi-artisan basis from Kokomshe to Bubuashie. Some 811 units are organized in one large area, at an approximate cost of £700-1,000 each, with shops in the frontage. Adequate information is, unfortunately, not available on the details of this project. It is understood that a similar phased effort is to be mounted in Kumasi, where in addition a central workshop will also be located.

Thirdly, in the new port of Tema a light industry area is planned. It will have 30 to 40 workshops for motorcar repair shops, fitters, welding, carpentry and similar service industries. The buildings are to be financed by the Government and the Tema Development Corporation supervisers construction. These will be rented. Rents will be fixed on the basis of a ground charge and an economic rent based on depreciation over twenty years. There will also be provision, it seems, for outright purchase based on a 60-year lease (with an option for additional 30 years) and 20% of value being payable in cash, the balance being payable over 10 to 15 years.

<u>Ethiopia, Zambia and Sudan</u>: Available information indicates no active plans in hand for the establishment of industrial estates in these countries.