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The Ad Hoc Expert Group Meeting on
Promotion of Investment in Industrial Projects
in the Context of the Second Industrial
Development Decade (IDDA II)

Addis Ababa, Ethiopia, 22 - 25 November 1993

REPORT

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I. INTRODUCTION

The Ad Hoc Expert Group Meeting on Promotion of Investment in the Industrial projects in the Context of the Second Industrial Development Decade for Africa (IDDA) was held in Addis Ababa; 22-25 November 1993. The objective of the meeting was to review, discuss and propose ways and means to improve the draft technical report "Promotion of Investment in Industrial Projects in the Context of the Second IDDA" prepared by the secretariat. The final version of the report is expected to be distributed to African industrial planners, industrialists, manufacturers, project sponsors, potential investors etc. to assist them in promoting industrial investment in Africa.

II. PARTICIPATION

As the meeting was conducted in English, only participants from English speaking countries were invited. A similar meeting for french speaking participants was held in Addis Ababa, Ethiopia (14-17 December 1992). Participants came from the following countries: Egypt, Ethiopia, Gambia, Kenya, Liberia Tanzania and Zambia. The names and institutions is presented in annex I of this report.

III. OPENING (AGENDA ITEM 1)

On behalf of the United Nations Under Secretary General and Executive Secretary of the United Nations Economic Commission for Africa, Mr. A. Bahri in his opening remarks welcomed the participants to the Ad Hoc Expert Group Meeting on Promotion of Investment in Industrial Projects in the context of the Second Industrial Development Decade for Africa. He called the attention of the participants to the resource mobilization for industrial investment provisions of the Second IDDA which was adopted in Resolution X(1) of the Conference of African Ministers of Industry at their tenth meeting which was held in Dakar in July 1991 and subsequently adopted by the General Assembly at its 47th session in Resolution 47/177 of 22 December 1992.

Mr. Bahri underscored the need for African countries to take concrete policy, and other measures to ensure implementation of their national, subregional and regional programmes for the Second IDDA. This calls for development of enabling environment for development of private sector the mobilization of substantial financial and technical resources for investment in priority areas of the programme. He subsequently urged the participants to analyze the issues involved carefully and propose appropriate measures and modalities that will ensure mobilization of resources for promotion of investment in the industrial sector.

IV. ELECTION OF OFFICERS (Agenda Item 2)

The meeting elected Mr. Mohammed Gabr of Egypt, Chairman and Mr. Mike Y. Laiser of Tanzania as rapporteur.

V. ADOPTION OF AGENDA AND ORGANIZATION OF WORK (Agenda Item 3)

The meeting adopted the following Agenda; and work programme.

VI. CONSIDERATION OF REPORT: PROMOTION OF INVESTMENT IN INDUSTRIAL PROJECTS IN THE CONTEXT OF THE SECOND IDDA

A. Presentation of the report.

As presented by the Secretariat the programme of the Second Industrial Development Decade for Africa adopted by the Conference of African Ministers of Industry (CAMI) in resolution X(1) during its tenth Session held in Dakar, Senegal from 29 to 31 July 1991 includes, among others, the promotion of investment in national, subregional and regional multinational projects. The resolution of CAMI was subsequently adopted by the General Assembly at its 47th Session in resolution 47/177 of 22 December 1992. It is in this context that this report on Promotion of Investment in Industrial Projects was prepared to be presented to this meeting of the expert group.

The objective of the report is to assist industrial planners, industrialists, project sponsors and potential investors by giving them some guidelines in promoting industrial projects in Africa. Investment promotion consists of, inter-alia, creation of enabling environment; provision of information on investment opportunities; identification of development projects, sponsors, partners and investors; preparation of projects, mobilization of financial resources and organization of managerial and technological arrangements for the implementation and operation of the projects.

The report is divided into four main parts, Part I is rationale of investment promotion in Africa, Part II, investment promotion efforts in selected African countries. Part III examines existing problems and constraints while Part IV makes some proposals and recommendations.

The main aim of investment promotion is to attract both domestic and foreign private investments to fill the widening gap between domestic savings and required investments to increase the rate of economic development. In this view the major elements that constitutes the aim/ rationale of investment promotion are:

(1) Major policy change from public ownership of the means of production in the 1960s and 1970s towards private ownership and investments in the 1980s;

(2) Structural macro-economic imbalances - aggregate demand exceeding aggregate supply, investment exceeding savings, deficits in both government budgets and balance of payments causing over borrowings and over indebtedness and problems of debt servicing, stagnation in GDP and decline in per capita income;

(3) Weaknesses in managerial and technological capabilities and support services and;

(4) Less attention to African countries by foreign direct investments because of inadequate information and unfamiliarities of potential investors with the general economic conditions and particular investment opportunities in Africa.

The major components of investment promotion in selected African countries are:

(1) <u>Mobilization of Domestic and External Financial Resources</u> under different terms and conditions. Sources of domestic finance consist of government savings (surpluses in government budgets and profits of parastatals), business savings, household savings, export surpluses and other savings mobilized by local financial intermediaries in the capital markets. Mobilization of domestic capital markets is limited by low level of GDP and decline in per capita income, as well as deficits in both government budgets and balance of payments. There are, however, more rooms to enhance increase domestic savings and develop capital markets by decreasing unnecessary government expenditures like on defence and securities and expanding the revenue base and coverage, encouraging business and household savings and increase in exports through removal of price controls, rationalization of interest rates on saving deposits, establishment of banking branches in rural areas and avoidance of over valuation of foreign exchange rates. External financial resources are available from regional finance institutions (the ADB group and BADEA), the various subregional financing agencies (ECOWAS Fund, EADB, BOAD, etc.), the international/multinational finance institutions (IBRD group, EIB, UNDP, Islamic Development Bank, etc), various bilateral financing institutions (KFW, Kuwait Fund, Saudi Fund, etc.), and suppliers credits (USA, Japanes, French, UK, etc.) as well as from direct foreign investments (TNCs).

(2) Various Investment Promotional Efforts Being Carried Out at National Level.

These national promotional efforts include introduction of a set of policies, strategies and legislations including privatization of public enterprises; provision of different fiscal incentives like tax holidays, exemption of capital goods from import duties, availabilities of foreign exchange; establishment of one-stop investment promotion centre; provision of physical (transport, communication, water and power), social (education, health and housing), and economic (banking, insurance, etc.) infrastructural services; devising and applying different investment promotion methods (provision of information services, investment missions, match- making, sector promotion, support feasibility studies and project development and start-up) to be applied at different project stages/cycles; the roles played by domestic banks, and creation of political and economic stability.

(3) Regional/sub-regional finance institution (like the ADB, ECOWAS Fund, EADB, etc.) international/multinational finance institutions (like IBRD, UNIDO, EIB etc.), bilateral development agencies and finance institutions, (like CDC, FOM, KFW, CIDA, etc.) as well as TNCs play a big role in promotion of industrial investment in Africa through collection and provision of information, financing project identification and feasibility studies, assisting identification of project sponsors, investment partners, project formulation and design, selection of technology, and project appraisals and implementation.

Despite the various policies, strategies and efforts applied; and incentives, supporting services and assistance provided by governments, national, regional, international and bilateral development agencies and institutions, investment promotion in Africa is still facing clusters of problems and constraints. These are, among others, (1) fear of political and economic instability, (2) weaknesses in administrative and institutional structures and policy measures, (3) low level of domestic savings and foreign private foreign capital inflows, (4) small size of national markets and ineffectiveness of regional/sub-regional trade agreements and economic cooperation, (5) lack of entrepreneurial, managerial and technological capabilities and skills, (6) weaknesses in coordination and cooperation between national and bilateral agencies and institutions and; (7)inability/failure to cope with the changing strategies of TNCs.

In view of the discussions made in reviewing the various efforts, policies and strategies applied and incentives, supporting services and assistance given to promote investment, and problems and constraints being faced the proposals and recommendations to improve the situation are to: (1) create political stability and complete genuine democratization processes; (2) establish economic stability and enhance/increase in domestic savings and development of capital markets; (3) introduce institutional reform and restructure the civil services system; (4) strengthen and expand infrastructural support services, (5) strengthen regional/sub-regional economic cooperation and trade agreements; (6) introduce infant industry protection on sub-regional/regional basis against unfair trade; (7) strengthen cooperation between national and bilateral promotion agencies and institutions, and (8) realize Africa's competitive positions vis a vis other countries with the changing strategies of TNCs.

B. Observation and Comments from the Experts.

After an elaborate presentation of the report by the secretariat, experts made the following comments and observations.

(i) Organization of the Report

Experts agreed that the report has covered the subject matter adequately but suggested the following changes in the structure of the report.

(a) The subject of privatization should be treated as a subheading under policies and strategies in the report.

(b) "Methods of Investment Promotion", should be moved further down to become item 2.2.9.

Contents

The experts also agreed that the report would be enriched if the following observation and comments are taken into consideration when finalizing the report:

PART I

Rationale of Investment Promotion in Africa

(i) Lack/absence of local entrepreneurship in Africa countries:

The experts felt that the absence of local entrepreneurship should be viewed as a consequence of past government policies which discouraged prospective entrepreneurs and lack of adequate incentives. The prevailed economic and political policies did not favour the encouragement of indigenous entrepreneurs. Most of the policies however have changed and the environment is now conducive for the promotion of indigenous entrepreneurs.

(ii) Government commitments and political will to privatize public enterprises is necessary for the success of the privatization programme. IMF policies should be closely linked with local government policies in the process of promoting private investment.

PART II

Investment Promotion in Selected African Countries

(i) Domestic Resource Mobilization

In order to realize a long term solution, for the increasing needs of investible resources, modalities and mechanisms for domestic resource mobilization should be developed and implemented. In particular household savings, savings associations, capital markets including stock exchange, bonds, shares etc. should be explored and exploited toward that end. Presently such options are underdeveloped and their potentials wasted for lack of concrete policies and actions.

(ii) Savings Insurance Scheme:

As a result of financial instability in many African countries, governments should consider the possibility of introducing and supporting local savings insurance schemes to protect savers/depositers.

(iii) Development of Infrastructural Support Services

There is serious need to improve infrastructural support to encourage private investment. The primary responsibility of developing infrastructural support services remains government responsibility. However, Government should explore innovative ways of involving private sector in meeting some of these needs.

(iv) Availability of Foreign Investment:

It was observed that there is serious competition for foreign investment in the world and that Africa is not particularly attractive. Measures to improve Africa's image to the foreign investors should be identified and pursued. In addition country and sectoral data should be made available to potential investors as well as improvement in the physical and social infrastructural services and creation of political and economic stability.

(v) Image Building:

Serious efforts should be made in presentation of African investment potentials. The present image of African countries is poverty, war, drought, disasters, poor infrastructure, debt ridden etc. Such image should be changed as part of an investment promotion strategy.

(vi) Sustainable Investment (Promotion) Approachs:

The need to prepare present and evaluate sustainable approaches to private investment promotion are necessary. The type of projects, organization of finance, management, training and technology transfer are among the key determinant factors.

(vii) Investment Opportunities:

IPC should assist potential investors in obtaining the necessary information and data on potential projects. In exceptional cases some project profiles can be prepared by IPC or sectoral ministeries and development agencies to be used for investment promotion. However, detailed project preparation/feasibility studies should be undertaken by investors themselves.

(viii) Foreign Financing:

In some countries investors who borrowed foreign exchange components in local currency from local banks have expereinced heavy losses in loan repayments when the local currencies are devalued. In principle the meeting agreed that government policies should discourage subsidies in foreign exchange management. However, alternate modalities should be explored whereby those investors are shettered from such consequences

(ix) Small Scale Industries and Informal Sector

It is widely recognized that SSI are potential basis for creating and promoting indigenisation and as a source of growth of the private sector. As a critical sector it should be central in the whole process of developing policies and programme of private sector developmnt and promotion.

2.4.3 Transnational Corporation Investment in Africa.

Although TNC's have large volume of resources to invest very little has so far come to Africa inspite of generous concessions given by the African governments. Most of the TNC's investments coming to African countries have concentrated in a very few countries and predominantly in extractive mineral sector. TNCs usually have better negotiating capacity than African government and thus African countries should strengthen their negotiating capabilities.

PART III

The Need to Expand Small National Market:

It is realized that the size of some national markets are relatively small. A strategy of selecting export oriented projects should be encouraged. However, in Africa the emphasis should be the strengthening of regional and subregional economic groupings. Government commitment is thus necessary for realisation of such goals.

Low Level of Domestic Savings.

Financial institutions should be encouraged to offer interest rate which can stimulate savings. In order to realize this a number of government policy measures will be necessary.

It is also realized that a number of cultural habits exist in rural areas in a number of countries which do not encourage farmers and peasants to save. One example is pastoralist with excessive animals as a potential source for domestic savings. The Egyptian Social Fund for Development is another example which could be studied to stimulation of domestic savings. There are also positive cultural habits in some societies which encourage savings. They should be exploited to advantage.

Africans living abroad and other citizens with links to Africa should be encouraged to invest in Africa as their cultural links would enable them to adjust readily. There is need also to create confidence in economic management and constitutional guarantee against expropriation of personal assets and accounts so as to attract nationals of African countries voluntarily to transfer resources currently in off shore accounts for local investments.

3.5 Strategies for Technological Development

Experience has shown that joint venture facilitates better chance for technology transfer. Egypt, among others, has benefitted in technology transfer through joint ventures. It is however important to support local initiative in the transfer adaptations and developments of technology.

PART IV

Proposals and Recommendations

4.1 Create Political Stability

- Multiparty is one of instruments of democratization as well as ensuring freedom of press and speech.
- In order to strengthen efficient management of economic organization a comprehensive and transparent system to appoint a chief executive of economic organization should be instituted and applied. In particular, political appointment should be stopped in economic institutions.

4.2 Establish Economic Stability

- Policy and strategy to enhance mobilization of resources should be given priority. In addition, there is need for further institutional and organizational reforms in a number of states for efficient provision of support services.
- Despite availability of land, management and allocation of land is presently unsatisfactory.
- Therefore, further review of administrative and legal management of land is necessary.
- Infant industry protection is necessary in early years to enable them compete with other industries already well established.

C. Selected Recommendations

These are additional to those already considered in the basic report.

1. To improve the mobilization of domestic resources, African governments develop an insurance scheme for depositors in the Savings, Housing Banks, Agriculture Banks.

2. African countries should develop programs that help the local entrepreneurs which inter alia would strengthen technical and management skills technology transfer etc.

3. African countries should create "Zoning Areas" so that investment coming into the country will be located properly. In this context environmental impacts should be considered.

4. As investment comes to African countries, they should develop programs that will not create bias to one region within the country. Investment should be spread as much as possible to provide income distribution which could produce positive "spillover" effects in the economy.

5. African enterprises should adopt effective marketing strategies to change attitude of both local and foreign consumers who often associate poor qualities with their products.

6. Regular and frequent seminars should be held for middle-level management civil servants responsible for decisions and implementation of investment promotion.

7. The small scale and informal sector contribution to the economy can no longer be ignored. Policy makers and financial institutions need to be sensitized on the importance of the small-scale sector. A mechanism to ensure efficient monitoring of the implementation of existing policies affecting the sector should be developed. Financial institution should be seriously involve in the activities of the sector so as to tap the potential of the sector.

VII. PRESENTATION OF COUNTRY PAPERS

Brief presentations of policies, strategies, experiences and achievements in promotion of industrial projects were made by Egypt, Gambia, Kenya, Liberia, Tanzania and Zambia. The participant from Uganda was unable to attend but forwarded a report. The summarized reports are attached to this report as annex I.

VIII. ADOPTION OF THE REPORT AND CLOSURE OF THE MEETING (Agenda Item 6)

On behalf of ECA Mr. Patrick Bugembe, representing Mr. M.D. Sarr, Chief, Industry and Human Settlements Division, thanked all the participants for the valuable contributions they had made to the success of the meeting. He urged the participants tc consider their work as a continuing process because promotion of Investment in Industrial Projects in the Context of the Second Industrial Development Decade for Africa is merely beginning.

He formally declared the Ad-hoc Expert Group Meeting on Promotion of Investment in Industrial Projects in the Context of the Second Industrial Development Decade for Africa (IDDA II) closed.

STRATEGIES AND ACHIEVEMENTS IN PROMOTION OF INDUSTRIAL PROJECTS IN EGYPT

The level of direct foreign investment

As a consequence of the nationalization of industries in the early 1960, Egypt basic industries (iron, steel, aluminium heavy engineering, textile... etc.) are mostly in public sector.

The private sector is composed of mostly medium and small scale enterprises.

Industrial indicators shows that the private sector, which consists of a large share of foreign direct investment, is growing rapidly, and with high industrial productivity.

Recently the government initiated a series of measures to remove the numerous interventions that constrain the performance of public sector.

Through full utilization of the human and physical resources available, Egypt has the potential for long term growth and stability in goods production. The need of the Egyptian economy for more investments is quite obvious and the government is pledging its full support to investment activities.

The total investments of the five year plan (1987-1988-19991-1992) was are estimated at about L.E. 42 billion, of which L.E. 18 billion was allocated for the private sector.

The policy is aiming at making full use of the administrative, marketing and business skills of the private sector to attract Arab and other foreign investors as partners in new joint ventures in Egypt, and to transfer technologies under the investmet low number 43 of 1974.

As of 31 December 1987, the total number of projects, approved and under investment law 43 of 1974, amounted to 1659 projects, with total capital of L.E. 75 billion, and total investment costs of L.E. 14,8 billion.

Figures is as follows:

Projects	Number	Invested capital L.E. Million	Investment cost L.E. million
Inland project	1387	6601	13559
Free Zone "	272	943	1219
Total	1659	7544	14778

The total invested capital of the above projects are:

The Egyptian participation accounted for 65%
The Arab participation accounted for 18%
The Foreign participation ranks third as it represents 17%.

Free Zones:

The enacted law 230 of 1989 governing investment aims at stimulating new businesses. Administered solely by the General Authority for Investment (GAFI) Investments projects may take the form of Free Zone Investments, refers to projects established in any one of the five specially designated areas or the form of Inland Investment, physically located inside the country.

The Egyptian govenment is currently constructing three new Free Zone areas which will begin operation before the end of 1993, reflects the vital importance given to the expansion of Free Zone areas. Specially lately there has been an increasing tendency of foreign investors to take advantage of the avialable locations equipped with fully developed infrastructure at nominal rental rates in free zone areas.

Operating and new free Zones:

1. Nasir city public free zone
2. Alexandria Public free zone
3. Port said
4. Suez
5. Ismailia
6. Damietta
7. Cairo Airport
8. Sofaga public

Facilities for all public free zone

1. Every public free zone incorprates a special unit dedicated to providing investor with related services, such as: obtaining residence and work permits, installation of telephone and telex communication with ports and various government agencies.

2. Approval of free zone projects is granted directly by the free zone board of directors to avoid delays.

3. Each public free zone houses and administers units designed to support and aversee all aspects of project implementation. Each unit is equipped to handle issuing of liceneces, finalization of procedures, and the provision of economic, technical and legal consultations.

4. Free zone sites available for establishment of projects are fully equipped with required infrastructure, and a tually leased for annual fees of between:
2.5 per m2 for idustrial projects
6 per m2 for storage

Exemptions:

1. Exemption from sustoms duties for free zone import and export

2. Exemption from sustoms duties for capital assets

3. Exemption from corporate tax

4. Exemption from inheritance tax on invested capital

5. Exempted from annual duty on trade in transit goods

6. Exempted from general income tax on amounts paid to non-Egyptian personnel.

After privatization there are many changes which involve the:

1. Ministry of Industry
2. Corporation for public sector
3. Holding companies

There are more changes expected as there are unsettled issues in the field of Industry and development.

Arab Republic of Egypt
The Social Fund for Development

Background

The Social Fund for Development (SFD) was established by presidential decree No 40 of 1991 financed by the government of Egypt in cooperation with the World Bank/IDA the European Economic Community and other multinational bilateral donors, the SFD is committed to providing a social safety net for the poor and the unemployed as well as for citizens who returned to Egypt because of the Gulf crisis.

The SFD Mission

1. Enhance the Government of Egypt's economic reform and structural adjustment program.
2. Contribute to the well-being of low income groups that are adversely affected by the economic reform program.
3. Protect vulnerable population groups, public sector employees, unskilled and semi-skilled workers, unemployed youth, and households headed by women from the likely longer term adverse effects of the economic reform program.
4. Strengthen Egypt's institutional capacity "governmental and non-governmental".
5. Seek additional international and local financial resources as well as secure technical resources.

The SFD objectives

1. Adopt and implement a set of "core programs" addressing the urgent needs of the vulnerable target groups.
2. Provide new job apportunities.
3. Support the channelling of additional public investments towards social services, with special emphasis on health and education.
4. Establish mechanisms to protect and improve the living conditions of the most vulnerable target population groups.
5. Enhance and support NGO/PVO participation in the planning and execution of projects serving the target groups.

The Role and activities of the SFD

The social fund for development supported activities are to reach the target groups through sponsoring agencies, such as Ministeries, governorates, public and private sector companies, non-government organizations, and local community agencies.

SFD Resources

Contributions to the SFD resources are in form of loans and grants. Accordingly the SFD's financing mechanism consists of these two forms. Loans are directed towards productive activities, and repayments are plowed back into the loan compoennet of the fund. Grants are to finance infrastructure development subprojects in rural communities and urban poverty zones.

The total resources of the fund had reached by 1992 the amount of USD 612.3 million, consisting of USD 320 million in loans and USD 292.3 in grants SFD resources are governed by the laws and regulations of the government of Egypt, and disbursements are made according to its agreement concluded with the donors.

The core programme of the SFD

The SFD comprises six core program they are:

1. The community development program
2. The public works program (Municipal services)
3. The enterprise development program
4. The labor mobility program
5. The institutional development program
6. The essential public transport services program.

Proposals and Recommendations

Transnationalisation

Formulate a clearly defined outward oriented national development strategy based on:

(i) building up national capacities, and human resources and capabilities;
(ii) deburacratizing the research and development establishment;
(iii) improving and strengthing management systems in the private, joint and public business sectors,
(iv) improving chances of healthy mobility and safety during manpower transfer.

To achieve these goals, assesment should be made of the problems which the industrial, business, banking and agricultural sectors encounter, and which impede the transnationaliation of their activities regionally and globally. Such assessment should pay particular attention to factors which hinder direct foreign investment and competitiveness in production and trade. They should be followed by a review of relevant legislation to produce improved foreign investment and trade laws designed to promote the integration of each African countries economy, regionally and globally on the basis of reciprocity.

Small scale enterprises

Create public awareness of small industries related jobs by encouraging NGO's to promote environmentally friendly small-scale industries.

Establish industrial states in existing urban and rural settlement to encourage small-scale industries maximize the use of new and renewable energy resources.

INVESTMENT PROMOTION IN GAMBIA

The period July 1991 to June 1993 has witnessed a significant upsurge in private sector interests and investment activities in the country. During this period, a number of companies were registered in the Gambia with expressed interests in various sectors of the economy. Significant investments have been noted in the Service sector followed by Manufacturing, Horticulture and Tourism, respectively. Investments in the Service sector are mainly commercial undertakings in import-export trade. About seven enterprises, including a cement processing and packaging plant have been established in the Manufacturing sector, four in Horticulture and related services, eight hotels have undertaken expansion activities including completion of three new hotels and; one Industrial fishing enterprise at Mile 5, was established.

In pursuit of development and expansion of export enterprises in the country, construction of a cold storage facility at Banjul International Airport by a private firm (Radville) has started. In a similar endeavour, a freight centre was constructed by another private firm (Red Coat International to enhance cargo handling facility at the Airport. A cargo plane with a carrying capacity of 190 tonnes, was introduced by Euro-Atlantic. Another cargo plane, trans-Africa Airline was also introduced in 1992. Sabena Airline, introduced in 1991, continues inter alia, to provide Air services linking the Gambia and the European continent. Two new enterprises in Horticulture - Pamona produce Farms Limited and Jerry and Eddie were incorporated in 1991. These two enterprises cumulatively provide employment opportunities to about 1000 Gambians.

The Financial and Private Enterprise Project (FAPE) was launched at NIB in August 1993. The project is funded by the United States Agency for International Development (USAID). The project provides technical assistance and training to Gambian enterprises project has eased some constraints pertinent to project development and accomplishment in the Gambia and it will also enhance NIB investment promotion activities.

PROJECT IDENTIFICATION

NIB continues to play a more pro active role in easing private sector investments in the Gambia through identifying investments, project financing, and joint venture opportunities. Similar assistance is provided in other aspects of project development and achievement. A representative sample of projects that have sought assistance during the period 1991 to 1993 include the following:

Garment Manufacturing
Feasibility Study for an LPG Terminal
The Gambia Wheat Flour Mill Project
Xinjiang Textile Factory
Manufacture of Packaging Materials
Papain Production

Development Certificate

Since the inception of processing of applications for Development Certificate in June 1992, 48 applications were received of which 20 were awarded various incentives under the Act. The remaining applications are still pending on grounds of insufficient information required under the application guidelines.

The following enterprises have been awarded Development Certificate:

Radville Farms (construction of cold storage at the airport)
Foam Manufacturing Ltd.
Amtrac Ltd.
Gambia Cotton Company
Kanifing Manufacturing Ltd.
Everbright Candle Manufacturing Ltd.
Gambia Oil Processing and Marketing Company (GOPMAC)

PROJECT PROMOTION

NIB continued to pursue consultations and collaborations with other government institutions, donor agencies, and financial institutions to enhance realization of viable investment project in the Gambia. In this regard, participation in international forums and trade fairs and organizing investment missions to the Gambia is at the hallmark of our activities.

In collaboration with USAID, the Division facilitated the visit of an investment mission from U.S.A. to discuss business opportunities with Gambian entrepreneurs. The mission was spearheaded by the Overseas Private Investment Corporation (OPIC) in April. The Division is progressively pursuing the business proposals initiated during the mission's visit.

The Division also facilitated the visit of seven Spanish companies in May, initiated by the Spanish Embassy in Dakar. A list of Gambian entrepreneurs with expressed interests in the mission was submitted to the Embassy officials who took it upon themselves and arranged meeting between the Gambian and Spanish companies at Sunwing Hotel. The Spanish Embassy is yet to finalize the report and inform us the progress on the various proposals reached at the meeting.

The Commercial Attache at the Russian Embassy in Dakar visited the Gambia in April to source projects for possible joint venture with Russian companies. A list of business proposals was submitted to the Embassy and meeting was arranged for the Commercial Attache and prospective Gambian entrepreneurs at the NIB. Some Gambian entrepreneurs have submitted business proposals to the Embassy and we have been informed by the Commercial Attache that they were pursuing these with the Russian companies that have expressed interest in joint ventures with Gambians.

In May this year, NIB was honoured with the visit of the Chief Executive, Development Enterprises Company; a consortium of financiers from U.S.A. with expressed interests in financing teleport development facilities and regional airways in the Gambia. A list of infrastructure development projects for the Gambia Port Authority (GPA) and Civil Aviation was provided and meeting was arranged for him with GPA; Gambia Airways, Civil Aviation Authority, S. Sise & Sons Construction, and Taff Construction Companies. The GPA has now taken the challenge to establish a teleport service facilities in the country. The teleport requires satellite facilities to link the Gambia and the rest of the World through computer networks to monitor international shipping networks. This will create additional jobs and enhance transhipment and development and expansion of enterprises in the Gambia.

We were also privileged with the visit of Ms. Rene Kemp, Television/Radio reporter and two of her associates in May this year to produce a documentary film on investment opportunities, politics, socioeconomic and culture of the Gambia to promote the Gambia in U.S.A.

Novotel through the Gambia Hotel Association, provided free accommodation to the team. Ms Kemp was privileged to interview His Excellency, the President. She also held similar interviews and discussions with the private sector and government officials. The film is being edited and will be shown on various T.V. networks in U.S.A. and used in our promotion activities.

Similarly, we were accorded with the privilege of promoting investment opportunities in the Gambia in CEO International Strategic Magazine's Guide to Economic Development. A country profile including its strategic location, economic activities investment opportunities, incentives available to investors, and some useful addresses were forwarded to the editors for the next issue of the publication.

A delegation from the Memphis International Trade Center visited the Gambia from 18 to 20 May to discuss business opportunities and to explore the possibility for Gambia Government participation by absorbing 5-10 per cent shares of the company. This would avail the Gambia information on a wide range of business opportunities both in the U.S. and abroad. The Government has now paid for 5 per cent of the shares in the company.

The Assistant Division Chief - Investment Promotion, participated in the mission to African and African American Summit held in Gabon in May. The delegation was led by His excellency, the President and included private sector participants and several government officials. The summit is intended to enhance relations with Africans and African Americans through cultural and business interests. Several private sector business proposals were initiated and are now being pursued vigorously.

In an endeavour to enhance private sector access to credit facilities, PROPACO, a subsidiary of Caisse Francais pour Development (CFD), has entered negotiations with the government in February this year to establish a line of credit for private sector development projects in the Gambia. The instruments of understanding were signed in October 1993. During discussions with PROPACO representatives, it was agreeing that NIB would assist in identifying viable projects seeking financing. The modalities of implementing the line of credit will become known before end of December 1993.

The United Nation Capital Development Fund (UNCDF) fielded a mission to the Gambia in February to review its credit activities under the IBAS loan scheme with a view to improve upon its effectiveness in addressing the needs of small and medium-scale enterprises. The mission held discussions with government officials and commercial banks on various lending opportunities available to the private sector in the Gambia and their proposals on establishing West Africa Regional Guaranty Fund for private sector investment. The funds were provided by several multilateral and bilateral donors and private financial institutions with the headquarters at BOAD in Togo. NIB would assist in identifying projects and recommend these to commercial banks for lending at concessionary interest rates. It is expected that the project line of credit would be established sometime next year.

KENYA

PROMOTION OF INDUSTRIAL PROJECTS IN KENYA STRATEGIES EXPERIENCES AND ACHIEVEMENTS

Introduction

After independence, the Kenya Government adopted an import substitution strategy in order to save foreign exchange, create employment, encourage use of local resources and transfer of technology.

The import substitution industries were highly protected by governemnt measures resulting in inefficiency in production and monopolistic tendencies which were harmful to the consumer and to the general growth of the economy.

The government therefore, re-examined the strategy and made a shift to encourage and promote expert oriented manufacturing industries to earn the country the much needed foreign exchange.

Strategies and Experiences

The industrial sector must have an inbuilt sustainable growth as it is the engine of faster economic growth and is expected to stimulate the rest of economy. In this regard it is necessary to increase the low capital stock and improve capacity utilization rates of manufacturing firms.

The major constraint to industrial growth i.e.e basic infrastructural facilities (water, sewerage, power, roads, telecommunication) will be provided in a coordinated manner and support given to various local authorities entrusted with the provision and maintenenace of such facilities.

The government will adopt a sub-sectoral approach to address the problems the problems of specific sub-sectors of the manufacturing industry and encourage interactions and linkages among those involved in industrialization process. Sectoral policies will be formulated and enabling environment for sustainable industrial production provided in the following sectors and subsectors of manufacturing industry:

Agro-based industries sector
- vegetable and fats
- fish processing
- diary products
- tanneries and leather
- animal feeds
- cotton ginning
- pulp and paper
- fruits and vegetables
- sugar
- textiles
- beverages
- grain milling and bakeries

Chemicals and Minerals sector
- basic industrial chemicals
- common salt
- pesticides
- fertilizers
- pharmaceutical
- soap, perfumes, cosmetics and other toiletries
- plastics
- cement and lime products
- ceramics
- glass
- quarrying and mining
- petroleum and oil products

Engineering industries sector

- iron and steel
- capital goods and industrial spare parts
- transport and motor vehicles
- electrical and electronics

Institutional Framework for Implementation

The directorate of industries in the Ministry of Commerce and Industry will be restructured and strengthened to be able to initiate and coordinate programmes of industrial development.

Research institutions will give the necessary support in the industrial development.

A single autonomous body will be formed and charged with the coordination of export activities currently undertaken by five separate bodies.

Kenya Industrial Training Institute (KITI) and Kenya Institute of Business Training (KIBT) will take lead in the training programmes.

Achievements

To enhance industrial development the Government has liberalized import licensing, price controls, and foreign exchange.

The Government has established Investment Promotion Centre (IPC) which operates a one stop office for investors. IPC also issues a General Authority which enables the holder to implement the project stated therein without undue delay as the General Authority constitutes all the licenses listed therein for a period of one year from the date of issue of the authority.

JUA KALI WOMEN'S TEXTILE EXPERIENCE

Industrialization has been accorded high priority in Kenya's development process. Indeed the sessional paper No.1 of 1986 on "Economic Management for Renewed Growth" has ranked the industrial sector in priority to agriculture. One important factor in this sector has been the realization that the small scale and informal (popularly known as Jua Kali) enterprises can no longer be ignored if the country is to meet the targets for employment and income generation set out in the 6th development plan and the sessional paper No.1.

Available evidence indicates that outside agriculture and the public sector, employment opportunities in these enterprises for outweigh those of the formal wage sector in industry and commerce.

Description of the Sub-sector

In Kenya the Jua Kali Sector (Informal sector) includes informal sector/microenterprises in the manufacturing sector employing up to 9 workers. In distinction to this, the definition of the small scale sector (which includes the Jua Kali sector) is broader and includes all enterprises engaged in production of goods and services, employing 1-50 workers.

Problems faced by informal and small enterprise sector.

Despite the surprising capacity of the informal and small scale sector for innovation and expansion, it is nonetheless affected by a number of constraints which inhibit the development and sustainability of this sector.

Among these constraints are:

- General lack of technical skills
- lack of adequate tools and equipment. This coupled with the previous constraint result in poor quality products which cannot compete with those from large industries.
- Lack of business and entrepreneurial skills
- Lack of credit
- Lack of market information

Government Policy for the Sub-sector

The role of the small enterprise sector as a primary means of strengthening Kenya's economy was highlighted in sessional paper No.1 of 1986 and the 6th National Development Plan (1989-1993). The small-scale sector is expected to provide the main thrust of national development in this decade and the next.

The sessional paper No.2 of 1992 particularly stresses the need for creating an enabling environment and puts major emphasis on the role of the private sector enterprises and initiative with government acting as a facilitator. It particularly underlines the need of ensuring adequate access to credit for the Jua Kali and small-scale enterprises sector. Also in recent years a number of institutions and programmes have been created to this effect. The conducive policy environment and provision of credit are to be complemented by various non-financial programmes: these include managerial and technical training, counselling, consulting, marketing with an aim of creating an enterprise culture.

Role of UNDP in Kenya on the small enterprise sector

UNDP's support to the sector in Kenya should be looked at from its global effort of facilitating private sector development. The overall strategy emphasizes the need to incorporate the informal sector into the organized formal sector through credit facilities and skills training for small enterprises and self-employed.

The Jua Kali women's Textile Project

The experience of the Jua Kali Women's Textile has shown that with some assistance/incentives the Jua Kali (informal)sector can quickly be transformed into the formal sector and can tremendously increase its contribution to economic development.

The project trains women entrepreneurs who are textile (tailoring)business. Six month training courses in technical and entrepreneurial skills are offered that run 3 days a week. With the remaining two days devoted to consultancy services in the trainees own business. The schedule permits the entrepreneurs to attend to their businesses on Mondays, Fridays and Saturdays.

The training programme is characterized by a holistic approach with a close integration of training in both technical and business skills.

This training has had the effect of transforming Jua Kali Entrepreneurs from people who operated in their backyards to entrepreneurs with a proper business premise (a small factory), on average, each having employed 3 more workers. In addition these women who previously sold from their backyards and were fearful of venturing to other markets within Kenya, are now great exporters, undertaking are the export procedures and dscumentation on their own. Several of them are now exporting to South Africa, some parts of the PTA (Mozambique, Namibia), Europe and the Middle East as well as the U.S.A.

LIBERIA

Liberia in 1956 initiated an "open door policy" that was instituted to attract foreign direct investment as well as national and bilateral undertakings. This included profit incentives and the remittance of dividends and other earnings.

In 1967, an investment incentive code was formulated and passed into law, further creating an environment conducive to investment. Although statistical data show that there was increased in investment but not at the rate envisaged. This was due to many factors, including institutional and manpower inadequacies. This shows that Liberia was at this early stage implementing some programs that are now being discussed.

The second Industrial Development Decade for Africa adopted by the Conference of African Ministers of Industry (CAMI) during its tenth session held in Dakar, provides the vehicle through which investment coming to Africa will be realized. Despite the many pitfalls and bottlenecks that this process encounters, Africa is still an attractive investment host, because the market potentials are still not maximized.

Because of the dynamics of economic systems, the major economic powers and new industrialized countries (NICs) are now moving from an "individualistic form of capitalism" pioneered by the Anglo-Saxon/Americans to that of a "communitarian" system (initiated by the Japanese) which highlights business groups. This bodes well for Africa as we are on the threshold of strengthening our subregional and regional economic groups toward an Integrated African Economic Community.

The paper "promotion of investment in industrial projects in the context of the Second IDDA" is a viable and productive working mechanism toward preparing African economies to become attractive, competitive and productive. The paper seems to have emphasized most of the salient factors relative to this type of exercise, but there are a few factors which I should like to address:

1. <u>Domestic Financial Resource Mobilization</u>

As we all know, there is a lack of money for investment purposes because of the scarcity of savings with banks and savings institutions. If developing African countries were to develop a scheme whereby insurance for depositors was available, this may have a positive effect on savings ratio. I am not talking at the level of the FDIC in the USA, but a fund that would take into

consideration the average savings due to population density and/or level of income in certain areas within a specific country - savings incentive code.

2. Concentration of Industrial Investment

As we promote industrial investments, one of our major goals is Income Distribution. Therefore, our promotion cannot be bias towards a certain region or sub-region given similar characteristics. If industrial projects can be spread across the country and still be viable, this would reduce rural-urban migration, generate incomes in these areas which will lead to the establishment of small businesses to meet the demands of these consumers.

There would also be need to create Zoning Areas for these projects such that we do not put our own children and entire citizenry at risk. For example, putting an explosive factory in a densely populated area because the person who negotiated the deal has land that he wants to lease.

3. Adequate Technology

The actual implementation of industrial investment brings with it a lot of technology we should guard against bringing in technology that will not complement our Absorptive Capacity. This could lead to structural imbalances and impede the progress envisaged at the onset.

4. Political Stability Issue

For African Countries to attract these industrial investments, we all know that we need political stability. Therefore, to move toward democracy (in one form or the other), we need help from the military superpowers. I do not mean coming and sitting to hold our hands, but not engaging in activities that will subvent legitimate African governments thereby removing one of the major component of the "enabling environment" - a stable political environment.

5. Role of (TNCs)

Because of the tremendous amount of financial resources TNCs possess, they could play a major role in the political economy of the host country when they come in.

African countries should develop some defense mechanism against the "duality" of these TNCs in African home countries.

6. Local Entrepreneurs

To attract investment from abroad, we cannot leave the local entrepreneurs without incentives. As we know, depending on the type of industrial investment, it will create, "Backward linkages" or "forward linkages". Therefore, we want to keep the locals interested in the economy by giving them some incentives which might mitigate the possibility of a "productive void."

7. Education and Skills

We need to stress that investors put emphasis on adequate training and skills and education because that would become the competitive weapon.

8. Weakness in Managerial Capabilities

As we promote industrial investment, there should a simultaneous promotion of Africa to Africans that are in the "Dispora". These Africans may be able to fill some of the managerial, technical and educational void that are existent.

TANZANIA

A. Introduction

Since the mid 1980s the performance of the Tanzania economy has improved due to subjection of structural Adjustments by the IMF which resulted into output growth and lowering of the inflation rate to an accodmodatable position. The country is now committed to privatization as a macroeconomic policy measure. The privatization exercise goes hand in hand with reforms in the legal system and establishment of a competitive atmosphere for financial institutions as well as establishment of an investment promotion center for promotion of foreign and local investors in 1992.

B. Achievements

1. Emergence of young African entrepreneurship as compared to the last decade where there was non
2. Restructuring of various ministries and parastatals in order to accommodate the privatization exercise
3. promotion of a competitive environment and improvement in the efficiency of financial institution to incoming of foreign banks in the country under the banking and financial institutions act. 1991.
4. the investment promotion and protection act 1990 through which local and foreign investors will have equal access to all priority investment access and enjoy a package of attractive incentives provided under the Act such as tax holidays and profit remittances etc.
5. The loan and Advances Realization Trust (LART) Act. 1991

The Act enabled the financial institutions to get rid of non performing assets which account for over 50% of the loan portfolio. This step enables existing institutions to be able to compete with the new bank and financial institutions that have started to enter the financial system. This move excludes government intervention in directing credit.

6. The foreign exchange Act

Foreign exchange has been liberalized by establishing Bureau de Change in due country. The Act allows any person to hold any amount of foreign currency within the country and resell it as he wishes. Several permits have been removed such as medical treatment permit, or higher learning permit.

7. Manufactured Export incentive

There is a remarkable increase in non-traditional exports due to governments effort to embark on selective manufacturing for export industrialization programme. These manufactured products will be geared towards the satisfaction of consumer demand in the semi industrialized and industrialized countries.

8. Foreign investment in exports will enable our products to meet quality standard specifications.

9. Privatization of economic activities

parastatal enterprises have became a burden both to the governmental and the economy as a whole. The move to privatize therefore, rest on the need for the government to relieve itself of this enormous burden. It also predicted on efficiency considerations implying the view that flow of goods and services from existing resource can be enhanced through the transfer of ownership to the private sector.

10. The government has implemented a considerable number of policy reforms all of which have led to a significant improvement in the climate for private investment.

11. The Tanzania Venture capital Fund (TVCF)

In Tanzania's first venture capital fund. TVCF makes equity and quasi-equity joint venture investments in local companies widen high growth potential. The investments are for expansion of existing business but may be considered for new businesses.

12. The NORSAD Fund

It is for newly established companies with equity participation from respective side. Assistance is also given to the long-term venture with an element of technology/knowhow transfer.

C. EXPERIENCES

1. The government has been instrumental to create a macro-economic environment that stimulate growth and stimulate investment. In the past the regulatory machinery on technology is no more rigid and cumbersome.

D. CONCLUSION

1. The achievement in promotion of industrial projects in the context of IDDA II on the part of Tanzania is regrettably very low. As little investment has been realized for the due sector.
2. Foreign investors are yet to make final decisions to invest in Tanzania
3. Privatization and liberalisation policy measures require further understanding on the part of the government for indigenous people to benefit significantly.

UGANDA

1 THE MANUFACTURING INDUSTRY

The manufacturing sector was and is still mainly comprised of: foods, beverages and tobacco, textiles, apparel, leather and footwear, wood and furniture, paper and paper products (printing and publishing included), rubber and plastics, non-metallic mineral products, metal working, steel, tools hardware,

Early industrialization performance up to 1985:

Early approach to industrialization focused on a strategy of import substitution aimed at expanding consumer goods production in order to reduce imports. Industries were established by local and foreign industrialists and Government itself. The 1960's witnessed steady industrial expansion. The sector accounted for 7% of GDP and produced a wide range of consumer and intermediate goods for domestic consumption, as well as a sizeable surplus for export within the East African region. The sector had achieved an annual growth rate of 6%. This positive trend was reversed in 1970's when many of the enterprises were nationalised, many taken away from rightful owners and handed over to new inexperienced operators. Technical and managerial skills became scarce as the sector continued to experience a downward trend in output. By 1982, 15 out of 50 medium and large size scale enterprises had stopped production; the reminder were operating below 30% of the installed capacity. The number of small scale operating enterprises in the country dropped from 870 establishments to 418, the majority of which remained operating intermittently. Thus the contribution of the manufacturing sector to GDP had halved by 1981 and the trend continued up to 1986.

Current industrialization performance since 1987.

Currently the sector is recovering from past neglect and adverse policies which led to its becoming out-dated, inefficient and uncompetitive. A number of new policies have been put in place which have helped revitalise the sector.

Rehabilitation under the Government's 1987/88 - 190/91; improved security; the beginning of capital inflow of foreign capital; increased access to foreign exchange for imported spare parts, inputs, manufactured goods and exports financing; and the return of properties to former local and foreign owners, all have contributed to a revitalisation of the sector.

Government has liberalised activities in the manufacturing sector and adopted an attractive Investment Code, in January 1991 which has attracted private investment into the sector. Overall, 524 projects had been licensed by end of September 1993. The sample of 329 monitored projects as of October 1, 1993 had a total value of in-the-ground investment of US$ 144,207,000 crating 3700 jobs for Ugandans. 172 projects (54%) of monitored projects have made investment outlays of US$ 118 m=. 151 projects (46%) of monitored projects are under construction or in the design/procurement stage and account for US$ 26 m=. The survey confirms further, that the manufacturing sector has the largest number of projects, the largest total investments, and nigh average investment per project. The figures for manufacturing sector out of the monitored projects were 192 projects, of total investment of US$ 169.9 m= and of an average investment of US$ 885,000. Completion of these projects is expected to yield a minimum actual investment of US$ 350 m=. The majority of the manufacturing activities fall under food processing (41), followed by textiles (24), chemicals (23), and fish processing (19).

Government also has progressively taken other policy measures and thereby:

* accelerated the privatisation and divestiture programme of public sector manufacturing concerns, resulting into injection of private investment;
* encouraged joint ventures with the private sector, in which Government is prepared to play a lead role in proven economically viable projects, in which the capital cost is high and cannot be generated by the private sector at the initial stage of development;
* promoted linkages with other sectors of the economy so as to develop an integrated economy;
* adopted market determined exchange rate and lending interest rates;
* Controlled inflation, through public sector expenditure, money supply and domestic credit control,
* encouraged the promotion of indigenous technology capacity.
* rationalised the size of the public service and the army through planned and phased retrenchment.
* strengthened the revenue collection procedures by the introduction of The Uganda Revenue Authority in 1991.

The measures have been supported by the emergency of a strong organisation of manufacturers (The Uganda Manufacturers'Association (UMA).

Presently, an Indicative Industrial Master Plan to cover the period up to 1997 is under preparation. The plan is expected to provide the Government with policy prescriptions at sectoral and sub-sectoral levels.

Constraints to Industrialization:

There are many serious constraints to industrial development in Uganda. What is important is the fact that many of these are recognised and are being systematically addressed. The list below provides the broad categories whose details can only be obtained through an exhaustive discussion of each. They include:

* Insufficient Physical Infrastructure;
* Limitations of the undeveloped inefficient financial system;
* Predominance of the Public Sector in the Manufacturing;
* The small home market and the undeveloped marketing network;
* The weak institutional capacity of the public service;
* The shortage of skilled personnel (especially technical and managerial).

2. GOALS AND OBJECTIVES:

Goal of Government's Industrialization:

To establish a strong, viable, sustainable and internationally competitive sector, integrated with the rest of the economy through backward and forward linkages, as an important contributor to the development of an "integrated, self-sustaining national economy".

Objectives:

* To create the inter- and intra-sectoral linkages,
* To use and add value to the country's vast natural resources, and create new markets,
* To diversify exports, and reduce the import bill by efficient import substitution,
* To increase private sector participation in industry,
* To reverse the trend back to monetarisation of the economy,
* To ensure regional balance of industries,
* To create new job opportunities to absorb the fast growing labour force,
* To foster skill development in the labour-force,
* To encourage industrial research and development,
* To facilitate the use, adaptation and transfer of advanced technology,
* To contribute to a dynamic and ecologically sustainable growth of the economy.

3. STRATEGIES AND POLICY MEASURES:

The strategy, embodies an arrangement that promotes sustainable investment promotion in the private sector through incentives and facilities to prospective local and foreign investors on the onehand and on the other the building of a strong physical economic and social infrastructure that gradually and surely form a permanent basis on which a dependable industrial base is built. Under the strategy, a lot can be said on what is being done and what must be done.

Facilities and incentives to investors:

Based on the Investment Code, 1991, the following facilities and incentives are available for investors.

Import duty and sales tax exemptions:

import duty, sales tax and with-holding tax on qualified capital assets for the project are exempted.

Import of Personal Effects:

First arrival privileges are accorded to foreign staff which provides for the duty free import of personal property and vehicle under 200 cc.

Immigration Status:

Special passes, work or entry permits, and certificates of residence will be provided for qualifying expatriate employees of the license project.

Tax holidays:

A Certificate of Incentives exempts a qualified holder of an investment license from corporation tax, withholding tax, and tax on dividends for a period not less than three years and up to six years on the basis of the size and area in the Investment Code of the project.

Externalisation of Funds:

Externalisation of money earned as profits or from sale of assets, dividends, repayments of foreign loans and interest, payment of royalties and management fees and other agreed foreign remittances is guaranteed by the Investment Code and facilitated by the Uganda Investment Authority.

Registration of Technology:

To facilitate transfer of technology, a certificate of registration of technology is issued. The measure is to protect innovations of both local and foreign investors.

Other Facilitation:

Access to land, facilitation of other approvals including secondary licenses, drawback of duties and sales tax payable on imported inputs used for the production of goods for export, and facilitation of investors to obtain credit from domestic financial institutions.

Risk Coverage:

Investors in Uganda both local and foreign can now apply for protection form Multi-lateral Investment Guarantee Agency (MIGA), a subsidiary of the World Bank, to which Uganda is a member, against non-commercial risks. These include: war and civil disturbances, breach of contract, currency transfer, and expropriation/nationalisation.

Building a strong infrastructure:

The list along which a flexible far sighted strategy is to be built include the following:

Use of local resources:
Strengthening, deepening and widening the revenue base.
Promotion of industrial exports;
Promotion of divestiture and privatisation exercise;
Developing the money and capital markets;
improve and expand the physical infrastructure in the areas of power and water supply, communication facilities, transport, and road network; and establishing industrial estates/zones.
improve and expand the social/economic infrastructure in the areas of removal of trade monopolies, pricing policy, private sector participation, balanced regional development human resource development, technology transfer, fair competition, and environment protection.

The overall strategy involves maintaining a delicate balance between investment promotion, revenue collection, development expenditure, recurrent expenditure promoting the private sector and overall public sector support. This delicate balance provides the main challenge in the management of economies.

4. OPPORTUNITIES IN THE MANUFACTURING SECTOR

The review of opportunities provided in the Uganda Investment Authority Sector Profile for Manufacturing, September, 1993 provides detailed information details in the following areas: Textiles, Starch, Oil Mills Soaps, Glass Fertilizer, Cement Lime Iron and Steel Tobacco and Beverages, Leather and Footwear Plastics products and Pharmaceuticals.

ZAMBIA

1. STRATEGIES

The Government recognizes that growth and efficiency in the economy will require private sector participation. In order to create an improved climate for private investment and private sector activity, the Government is committed to setting a more consistent path for macroeconomic policy. Private entrepreneurs will be encouraged to participate freely in economic activity, and the Government will not preempt or inhibit business opportunities. It is recognized that investor confidence has been poor because of excessive regulation and inconsistent macroeconomic policies.

An important part of the Government strategy for structural adjustment is aimed at strengthening the institutional framework within which the private sector operates. In order to do this, the Government aims to strengthen existing institutions and create new ones by legislation. This process is being carried out in order to achieve the following objectives:-

(a) divestiture of Government interest in business,
(b) promotion of investments from local and foreign sources,
(c) creation of a conducive financial framework, and
(d) reform of relevant pieces of legislation

The strategies outlined above have resulted in reform of existing institutions and the creation of new ones.

2. ACHIEVEMENTS

2.1 Institutional Reform

The Ministry of Commerce, Trade and Industry, as the focal Government agency responsible for the implementation of Government policies in support of private sector development, has been re-organized to be responsive to the new situation.

2.2 New Institutions

The Government has created new institutions in order to promote the development of the private sector, through:-

2.2.1 The Zambia Privatization Agency (ZPA)

The Zambia Privatization Agency has been established for the day-to-day management of the privatization programme.

Since September 1992, the ZPA has advertised for domestic and foreign private sector individuals and firms to participate in the divesture of various state-owned enterprises.

2.2.2 The Investment Centre

The Centre is the main institution for investment promotion. Responsibility for the operation of the Centre rests with solely with the Board. The Centre, as a corporate body, is given the right of perpetual succession and a common seal, capable of suing and being sued in its corporate name. This is done, specifically, to ensure that Government intervention in investment promotion is minimal.

2.2.3 The Zambia Stock Exchange

A Stock Exchange Council has been established to serve as the regulatory body assigned with the function of supervising the stock exchange. The Council is currently working on procedures, regulations and general trading practices to be followed by persons or companies buying or selling shares on the stock exchange.

2.2.4 Legal Reform at the Ministry of Legal Affairs

Zambia's legal codes and much of the regulation dealing with the private sector are being reviewed to bring them in line with the development of the private sector.

3. EXPERIENCES

Government support to the development of the private sector, and the promotion of local and foreign investment begun, in earnest, only in 1992. Over the period, the following summary gives some of the experiences gained.

3.1 Identification of sources of investment

It is recognized that the promotion of investment will need to start with identification of sources of investment.

3.2 Development of Projects and Preparation of Promotion Material

One of the difficulties in promoting investments in the industrial sector has been the lack of readily available information about the sector.

3.3 Processing of Investment Licenses/Certificates

The process of project evaluation and award of licenses/certificates may, in some cases, take a long time. It is necessary that such applications are dealt with and decisions made in the shortest possible time.

3.4 Administration of Incentives

It is essential that the provisions for qualification of investors for incentives are clearly spelt out and defined, in order to minimize arbitrariness in, and assure uniformity of, decisions.

3.5 Post Approval Services

Once an investor has been approved for registration, it is necessary to assist them to obtain other licenses that may be required from other Government agencies.

4. CONCLUDING REMARKS

The promotion and facilitation of investment is a national activity and should involve all key Government institutions. Any Investment Promotion Agency should be regarded as a focal point which should have strong and formal linkages with other institutions in order to make the process of investment as quick and as efficient as possible.

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