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EXECUTIVE SUMMARY
OF THE
MISSION REPORT ON THE PROPOSED AFRICAN REGIONAL CENTRE FOR
CONSULTANCY AND INDUSTRIAL MANAGEMENT SERVICES
(May - July 1981)

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EXECUTIVE SUMMARY

I. Introduction

1. A joint team organized by ECA/UNIDO was charged with the mission responsibility to undertake preliminary activities leading to the establishment of African Regional Centre for Consultancy and Industrial Management Services.
2. The proposal for the establishment of the African Regional Centre for Consultancy and Industrial Management Services was given high priority by the Second Conference of African Ministers of Industry held at Cairo in 1973 and by the third ECA Conference of Ministers held at Nairobi in 1975. The fifth Conference of African Ministers of Industry re-affirming the importance and priority of the project, urged ECA in collaboration with OAU and UNIDO to seek ways and means of implementing the project. This report embodies the findings of the mission to various African countries and gives details regarding the establishment and activities of the Centre. The conclusions and recommendations of the various aspects of the Centre are contained herein.
3. Over the last two decades foreign consultancy organizations have seen Africa as a virgin ground for Consultancy Services.

II. Economic Impact of Consulting Engineering Services on the Implementation of Industrial Projects

4. It is noticed that foreign investments play a vital role in the public sector of the countries visited, except the countries like Algeria, Egypt, Nigeria, Tanzania. Indeed the major projects in those countries are financed by multi-lateral and bilateral aids. With regard to pre-feasibility and feasibility studies, the donor countries use the services of the consulting engineers of their choice. The services of the consulting engineer are included in the cost of the project, his salary, honorarium, transport and medical bills are borne by the company which employs him. Such services which cost not less than US\$ 10,000 and average US\$ 14,000 per man/month weigh heavily on the country's foreign exchange.
5. Big foreign companies which negotiate and get funding either from international financial institutions or from their respective countries to operate in Africa are protected and assisted by the institutions that finance them.
6. Before granting the funding the financial institutions ascertain from the computer which has the data bank of all the consulting engineering services capable of carrying out pre-feasibility and feasibility studies on a given project. On the basis of the computer's feed back the beneficiary of the funding decides in which country to operate and begins its pre-feasibility and feasibility studies leading to the implementation of the project. There is no doubt that the consulting engineering services that will be proposed by the computer will be a foreign one. This is because African consulting engineering services do not have the means to make themselves known on the international scene. Consulting engineering services of the industrialized countries form an integral part of the companies that operate in Africa. This explains why the African project market is the preserve of some companies.
7. We see therefore that it is not by accident that specific projects to be implemented in African countries are not conceived by African governments. Nevertheless, it is true that African governments carry out sectoral surveys with a view to identifying the various problems facing each industry. In other words the surveys cover such areas as

the total number of existing industries, the difficulties these industries face and how they can be overcome, how to improve productivity and ensure a steady functioning of the marketing circuit.

8. At the African Ministries of Planning, there is a department responsible for study funds for industrial development. This constitutes a funding source of many African consulting engineering services. It is hoped that these services will in future handle industrial development projects in Africa. Meantime, we know that investors of industrialized countries conceive their projects, obtain funding from the sources of their choice, carry out their pre-feasibility and feasibility studies, get authorization to operate in the African countries of their choice and later have the right to free transfer of industrial profits.

9. African consulting engineering services are never consulted by foreign promoters who always use the problem of lack of skilled manpower as an excuse. This is a lame excuse since they do not want African consulting engineering services to take part in project preparation. As we have said earlier on foreign consulting engineering services which consider industrial development projects in Africa as their right, prevent African consulting engineering services from being awarded projects. What is more they are less interested in training Africans in project preparation which includes pre-feasibility and feasibility studies and negotiations leading to the signing of contract.

10. Thus, we see that African engineering companies have yet to have any significant impact on the implementation of important industrial projects in Africa. Today there is no doubt that foreign investors in Africa have a great influence on non-African engineering companies.

11. Industrial Consultancy Activities in Africa are estimated to correspond to 6000 man years in 1981 roughly subdivided as follows:

	<u>Man/years</u>
Investment related activities	3,500
of which pre-feasibility and feasibility studies	1,750
of which construction engineering etc. (finance procurement and others)	1,750
Auditing, accounting and financial management	1,500
Management consultancy proper	500
Other Industry related consultancy activities (real estate brokerage etc.)	500

12. Including company internal and independent organizations, expatriate, mixed and national organizations, private and government organizations, there are approximately 1000 consultancy organizations, in Africa. It is estimated that approximately 200 of these are governmental units or parastatal bodies, of the remaining 800, approximately 450 may be national subsidiaries of expatriate firms or mixed companies with an expatriate majority.

13. The implementation of the Lagos Plan of Action entails massive investment programmes in the priority sector and it is felt that the lack of indigenous consultancy services may be one of the major constraints for achieving the desired objectives of industrial development in Africa.

III. Rationale and Objectives for Establishment of the African Regional Centre for Consultancy (Engineering) and Industrial Management

14. The purpose of the African Regional Centre for Consultancy (Engineering) and Industrial Management in general terms, will be the development and promotion of professionalism and credibility among local Africans.
15. The establishment of a data base detailing names of professional organizations and individuals, skills, applications, experience, etc....; provide technical and training support as well as proprietary services to existing individuals and organizations; develop consortiums of local professionals to effectively compete with expatriate firms; prepare and/or disseminate professional data; act as a clearing house of information; and lobby for legislation in support of local professionals.
16. The effective utilization of the African Regional Centre for Consultancy (Engineering) and Industrial Management will reduce the outflow of foreign exchange, promote internal and external national growth, attract investments, develop a sound and cohesive consultancy base, and help achieve the true potential of the African nations.

IV. Interlinkages with Subregional Centres, National Consultancy and Other Organizations and Organizations Outside Africa

(a) Interlinkages with subregional centre

17. The following four countries are seen as suitable location for subregional Centres: Egypt for North Africa, Kenya for East and South-East Africa, Senegal for West Africa and Zaire for Central and South West Africa.
18. The role for becoming the subregional focal points of the regional centre will be assigned to existing national or subregional organizations within the respective countries in consultation with the ministers of industry of the member countries within the subregion. The subregional centres will carry out specific survey, co-ordination or project assignments on the basis of subcontracts to be concluded on a case by case basis.

(b) Interlinkages with national centres

19. Within each country, the minister of industry will assign a national institute or organization the role of acting as a focal point to the subregional and regional centres.
20. The national centres will use and properly disseminate the information and services obtained from the subregional and regional centres and they will keep them informed on all relevant consultancy and management services development within their countries.

(c) Interlinkages with other regional centres ^{1/}

21. Establishment of close contacts:

- as close a linkage as possible with the data base;

^{1/} Centre of Technology in Dakar; Engineering and Manufacturing Design Centre in Ibadan, Higher Technical Training Centre in Nairobi.

- mutually complement data base and co-operate on multidisciplinary subregional or regional assignments on a case to case basis;
- mutual complementation and support in the field of training.

(d) Interlinkages with institutions outside of the African region

22. Establishment of contacts for exchange of:

- information, training, research and consultancy activities

V. Output and Activities of the Centre including Scheduling

23. In the light of the existing scenario of industrial consultancy services in Africa, the Centre will in fulfilment of its objectives, assume the necessary supportive and catalytic role. The accomplishment of this task will involve the organization of a user-oriented system encompassing multiple exchanges of technical expertise and technological services. This will in turn require a regional network of information exchange among existing national and subregional institutions and the Centre itself and a sound information, collection and dissemination mechanism responsive to the needs of African countries.

24. The wide spectrum of industrial and economic activity in the African countries and the attendant needs of technical know-how, management services and other technological inputs pose a challenging task to the Centre and call for careful planning and efficient organization of its operations. The Centre will have a dynamic role to play in the African industrialization process in particular with regard to the new industrial facilities to be created throughout Africa and making optimal use of existing investments. The priority areas for such industries have been clearly spelled out in the Lagos Plan of Action as well as the various measures to be adopted at the national, subregional, regional and international levels to achieve the targets envisaged. The Centre will basically concentrate on these identified priority areas in the beginning. The demands of African countries in the field of industrial consultancy and for fulfilment of their economic development programmes arise essentially out of their socio-economic goals to raise the living standards of their people making available to them their basic needs at acceptable costs and fuller utilization of their natural, physical and human resources by establishing new projects and making effective use of the existing investments. The Centre will thus have to provide industrial consultancy services both for the small-scale and rural industries aimed at maximising employment potential as to the large national and multinational basic and other industries taking into account resource endowments of the different countries and potential subregional markets thus stimulating multinational co-operation among African countries consistent with one of the main industrial objectives of the Lagos Plan of Action.

25. The scope of services to which the Centre will address itself and which will be mobilized by it are:

(i) Economic Consultancy Services

Surveying and prospecting of natural resources, techno-economic surveys for economic development, determination of industrial potentials, evolution of regional and sectoral development plans, reviews and appraisal of entrepreneurship and investment climates, study and appraisal of industrial and economic institutions and evaluation of feasibility of economic and industrial development programmes at macro and micro levels;

(ii) Pre-Investment or Project Planning Services

Preparation of opportunity studies, project profiles, feasibility studies and project reports including market surveys, demand analysis, etc. leading to investment decisions; choice of appropriate technology, its acquisition, adaptation, pilot plant and laboratory testing of materials and processes; project evaluation studies and financial arrangements for project implementation.

(iii) Detailed Design and Engineering Services

Detailed engineering and construction drawings for civil works, process and auxiliary departments, preparation of tender bids, tender invitation and evaluation of bids and advice on selection of equipment and their suppliers and contractors, plant layouts, detailed equipment layouts;

(iv) Process and Technological Consultancy Services

Manufacturing processes or technologies, basic designs, methods of production, flow sheets, material balances and product designs;

(v) Project Management Services

Construction Management Services and site supervision, materials management. Preparation of detailed time schedules for construction and erection works, monitoring and updating of schedules, detailed manpower requirements for construction and operation, job specifications and job descriptions, selection of personnel, training and human resource development, programming of finances, manpower, construction materials and equipment deliveries, inspection of equipment and supervision of construction and erection, start-up, commissioning and initial operation of the plant, operational procedures and management information systems;

(vi) Management Consultancy Services

Investigations for optimization of existing industries, production, technological analysis, upgrading of products and suggesting alternative product lines, capacity utilization, plant modernization, rehabilitation, expansion and product-mix optimization and diversification studies, diagnostic studies for plant operational improvement, development of corporate strategies and plans for achieving optimum results, operational research and work study.

26. In all of these activities, the Centre will develop its own specific data base, know-how and dissemination and promotion capacity to benefit existing institutions within the region.

Phasing of outputs and activities

27. Phased over a five-year period, the outputs and activities of the Centre will be as follows:

(a) First Phase (first and second year)

Outputs

- (i) Establishment of a Data Base;
- (ii) Four in depth country studies - possibly in the countries where subregional centres are located - to identify complementary action which could be initiated by the regional centre in co-operation with the subregional and national centres;
- (iii) Three regional consultation meetings on such subjects as - contracting, know-how and equipment supply including contract formats, negotiation methods etc.; - sector specific development plans in Africa to identify information and consultancy requirements, suppliers etc.; - a framework for promoting industrial consultancy within the continent using modern methods of public relations and presentation of consultancy work;
- (iv) Establishment of a quarterly publication (starting the second year) introducing the regional centre to all affiliated organizations indicating the information available, the services to be performed and giving details on outstanding national, subregional and regional activities and events of common interest. (Initially 500-1000 issues to be mailed to government departments and all consultancy and management organizations identified);
- (v) Initiation of an industrial enquiry service covering market and technological information and assisting in the search for required expertise (1½ years after initiation of the Centre);
- (vi) Three consultancy projects on a national or subregional scale, where inputs beyond the locally available resources are required. Assistance in the establishment of the respective consortia.

(b) Second Phase (third and fourth year)

28. Having developed its data base and initiated its research, consultation, publication, information and consultancy activities, the Centre will now also cater into a dynamic promotional programme of its services including also training co-ordination among its chief activities.

(c) Third Phase (fifth year)

29. Outputs and activities in the fifth year of operation of the Centre will include in addition to all other activities under phase 2, advisory services to individual governments and subregional and regional organizations on optimization possibility in industrial planning.

V. Institutional Framework

30. The Centre will be created as an independent entity under the supervision of a regional body - a governing council - composed of representatives from the member governments, industry and consultancy/management services organizations. Its twelve members will be elected for a period of two years and its constitution shall be as follows:

- (i) - 4 Ministers of Industry, one each from the subregions out of the member countries
- (ii) - 4 Top industrial executives i.e. general manager/managing director/director general of public or private industrial corporations, one each from the subregion out of the member countries
- (iii) - 4 Heads of management, consultancy or productivity institutes, one each from the subregion out of the member countries

VI. Criteria for the Location of the Centre

31. The Centre being multidisciplinary in nature will have at its disposal greater experience in many areas of activity and will widen the scopes of project study that entails sufficient mastery in technology in line with African realities and conditions.
32. There is a need to pool the competence, knowledge and experiences of African consultancy organizations and manufacturing companies.
33. A Centre such as this, which should make a significant contribution to the development process of African countries by seeing to the preparation and implementation of particularly complex projects, must be provided with regular and reliable logistic services and must be given all the necessary support. Given the importance which the Lagos Plan of Action attaches to this Centre, it goes without saying that it should be established in a place where it will become operational without unnecessary delay and wastage of the resources put at its disposal for its smooth functioning.
34. In accordance with the decision of the ECA Conference of Ministers held at Freetown from 6 to 10 April 1981 it was agreed that the African Regional Centre for Consultancy and Industrial Management Services be established at the same place as the African Regional Centre for Engineering Design and Manufacture (ARCEDEM) at Ibadan, Nigeria.

VII. Capital Investment, Operational Costs, means and Sources of Financing

35. It is recommended that finance should be made available to the Centre on a regular and continuing long-term basis. The various sources of such financing control include:
- (i) Annual contribution from African countries;
 - (ii) Grants from other developing countries;
 - (iii) Grants from developed countries;
 - (iv) Grants from African financial institutions;
 - (v) Technical assistance from UNDP;
 - (vi) Service charges and fees when the Centre is fully operational;
 - (vii) Contributions from other United Nations agencies.

36. The member of the African States should be the first financing boards concerned to provide through their subscriptions and grants, the funds necessary to operate and ascertain the operation of the Centre. The total cost estimated envisaged for the first three years of the establishment of the Centre is about US\$ 5 millions.

37. The Joint ECA/UNIDO consulting group recommends that each participating country of the OAU and ECA member States contribute, in the form of an annual retainer, the modest sum of one-quarter of one per cent ($\frac{1}{4}$ of 1%) of the annual development budget. This retainer will be applied against professional services rendered by CIMS to the specific country.

38. The rationale for the retainer is as follows:

- It will show positive support for CIMS in accordance with the Lagos Plan of Action
- It will enable CIMS to be self-supporting and self-sustaining
- It will assure utilization of CIMS by the participating countries
- The retainer will be applied against services provided by CIMS, therefore, full and equal value will be given in direct proportion to the retainer contribution
- It will enable CIMS to provide the best in professional personnel and will permit CIMS to provide a full range of services to the participating countries.

VIII. Implementation Programme for the Establishment of the Centre

39. In order to ensure that the Centre becomes operational in the shortest possible time it is very essential that the various activities and preconditions relating to the establishment of the Centre are clearly defined. The various sequence of events resulting in the Centre becoming operational have been given in the table below:

Table 1: Sequence of events from start of the mission (May 1981)

<u>Activity</u>	<u>Schedule</u>
A. <u>Initial framework</u>	
1. ECA/UNIDO mission report	July 1981
2. Experts meeting	September 1981
3. Ministers of Industry meeting	November 1981
4. Establish systems and procedures for CIMS	September-November 1981
B. <u>Legal framework</u>	
5. Signing of Agreement for the creation of the Centre between the participating countries	January 1982

<u>Activity</u>	<u>Schedule</u>
6. Constitution of the founding Governing Council consisting of one Minister of Industry of each of the subregions, the heads of each of the designated subregional consultancy and management services institution and the executive secretaries or Directors of OAU, ECA and UNIDO	March 1982
7. Approval of the budget for the Centre	March 1981
8. Constitution of the definite Governing Council consisting of one of the ministers of each of the subregions, one representative of the consultancy organizations within each of the subregion, and one representative of the industry as specified under Institutional Framework and first status review of the centre	November 1982

C. Staffing

9. Appointment of Director	April 1982
10. Appointment of two coordinators	April 1982
11. Appointment of Staff	April 1982

40. A person responsible for the preparation of the Ministers of Industry meeting in November must be appointed to ensure full briefing of the Ministers preparing and circulating all the necessary documents on the project as prepared by the Joint ECA/UNIDO mission and discussed by the Expert Group Meeting. He will be commissioned to ensure the implementation of the Centre within the stipulated time framework. He or she must have vast background experience in Consultancy and Industrial Management Services and can be designated as Project Manager and would work under the control of Director Joint ECA/UNIDO Industry Division.

41. As early as September-November 1981, and after the initial framework has been approved, it is recommended that immediate steps be taken to start the systems and procedures development. The development of the administrative, financial and management systems is a vital and necessary function for the effectiveness of CIMS. The development, prior to the actual on sites establishment of CIMS, will permit an orderly and efficient assimilation of the Director and the staff of CIMS.

IX. Monitoring of the Centre

42. It is important, for the success of the Centre and both for feedback and effective participation, that the activities of the CIMS should be monitored. The monitoring function should be carried out by its Governing Council.

43. There are three major aspects which would require the attention of the Governing Council, and these are:

- (a) Effective utilization of personnel
- (b) Conformation with approved plans, and
- (c) Finance

44. An annual progress report should be prepared by the CIMS for the consideration of the Governing Council and financing agencies.

45. The establishment of the African Regional Centre for Consultancy and Industrial Management Services will meet the objectives of the African Ministers of Industry and the Lagost Plan of Action.

46. The adoption of the conclusions and recommendations contained in this report along with the full and overt support by the participating African nations will assure not only the viability and effectiveness of the Centre but will be a positive step towards the industrial development of Africa.