Sustainable Industrial Development Programmes of International Donor Agencies in Africa: An Analytical Perspective

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Abstract

The study identified some of the sustainable development programmes of international agencies in Africa and assessed their impact on the economic development of the sub region. Data were randomly collected from primary and secondary sources. Data from secondary sources included reports from government and international agencies. Descriptive statistics, including percentages were used for analyses. The result showed that International Donor Agencies’ projects were evenly spread across Africa and such projects include Policy Research Institutes that support the national government in floating qualitative polices for the industrial sector. In Nigeria, an entrepreneurial research centre which had been instrumental to the development of small and medium scale enterprises was established by UNIDO in conjunction with the federal government at Obafemi Awolowo University, Ile Ife. UNIDO also continues to spend billions of US dollar on the capacity building of women support enterprises across the continent. The
identified support programmes included weaving, textile, leather, food processing, dairy and other technology based industries. The study concluded that Donor agencies like UNIDO have been instrumental to the ongoing economic restructuring to increase annual growth rate of manufacturing value added in the sub region. However, more insightful corporate entrepreneurship programmes with improved infrastructural and electric power facilities should be encouraged. Increasing support to firms through diverse channels would boost rapid economic development of the sub region.

**Key words:** Sustainable programmes, economic development, infrastructure, and value added.

**Introduction**

Collaborative efforts and activities globally have been acclaimed crucial to the economic development of any geographical area including Africa (Jegede, 2008). Regional economic cooperation through international trade and international donors’ activities are designed to strengthen the weaknesses arising from regional differences and also remove threats to national economies. In all the regions of the developed world, the well endowed regions have always been contributing to the advancement of the less privileged areas and likewise in the developing world. Thus collaboration between the rich and poor, or North and South remains the corner stone of the overall economic development of the world in general and most developing nations in particular. Apart from ensuring technological transfer, it increases production of goods and services; it facilitates peace, friendship among different economic regions and business start ups. Collaborative efforts also accelerate job creation; it promotes innovation programmes and adds values to human lives; thereby accelerating the much needed rapid global economic growth.

However, collaborative efforts between international organisations and African governments have not been able to meet these expectations (Blunt and Jones, 1992; Jegede, 2008). The main reasons adduced include lack of entrepreneurial zeal and unfriendly environment in which the industries in Africa operate (Olaopa, 2012 and Obe, Falola, Adetayo and Ijioma, 2010). According to them, the last two years have been very challenging in Africa. Many companies have been grappling with the harsh economic environment in Africa and Nigeria in particular. This was occasioned by the ripple effects of the global financial meltdown; the near collapse of the capital market in
some African countries and the impact of some negative policies of some African governments bordering on undue bureaucracy, multiple taxation and levies. For instance, Jamodu (2010) reporting on the situation in Nigerian economy, said that 834 manufacturing companies shut down their operations in 2009 as a result of their inability to continue to cope with the challenges posed by the harsh operating environment in Nigeria. Besides, about half of the 187 remaining large operating companies have been classified as “ailing.” The surviving ones have to contend with shrinking effective demand. From the foregoing, it may be inferred that this situation poses a great threat to the sustainability of African economy in the next few years (Jamodu, 2010). Hence the need for a review of the collaboration efforts that aimed at economic development of the African continent.

Generally speaking, the overall performance of the African economy in 2008 and 2009 with the exception of South Africa had been acclaimed very weak, signalling a new phase of economy recession and belt tightening for the sub region (Alo, 2009). Hence the need for a critical study on the contribution of international agencies towards the development of African sub region. This paper is an attempt in this direction. The paper consequently reviewed the collaborative efforts between the International organisations and African governments in a bid to develop the economy of African continent. In doing this, the paper started with a brief introduction, and then reviewed the activities of donor agencies and foregrounds the role played by the United Nations Industrial Development Organisation (UNIDO) with a view to profound solutions to the challenges confronting such donor agencies in the industrial development agenda of African continent. The paper specifically looked at the prospects of sustainable industrial development in Africa and finally concluded that collaborative efforts between African government and international bodies especially United Nations Industrial Development Organisation (UNIDO) have been remarkable amidst many challenges in the industrial development of Africa

**Literature review**

Studies like Jegede and Jiboye (2009) have affirmed that sustainable industrial development is a process involving three essential elements: Feasible industrial growth to fulfill basic socio-economic needs; ensuring maximum development of human resources; and achieving greater social justice through more equitable income distribution. Sustainable Industrial Development therefore is seen not as an end in itself but as a means to
achieve economic progress through generating resources, raising income levels, creating employment opportunities and bringing about equitable service. Unfortunately, none of these is satisfactorily manifesting in African nations (Jegede, 2012). Industrial development, practically speaking, has been very little and in most cases could not be sustained in Africa (Blunt et al., 1992 and Jegede, 2012). Over the years, the issue of sustainable development continues to pose serious problems and challenges to African government and the world at large; more so when one considers African favourable geographical location, the natural resources and endowments at her disposal compared with the newly industrialized countries of Asian regions like South and North Korea.

Geographically, Jeje and Adesina (2006) affirmed that Africa is located in one of the pleasant regions of the world; and well endowed with abundant domestic resources. Africa is a huge continent, about thirty times the size of Nigeria and three times the size of Europe; covering over 15 million square kms. Africa is almost bisected by the equator which passes through Entebbe in Uganda and Coquihatvile in the Congo. The extreme North and South of the continent reach approximately the parallels 35N and S. (Bozerta, latitude 37N, Cape Agulhas almost (35S). The continent is roughly divided into two by the meridian 20 E and the continent extends East to West from 50 E to 20W.

The bulk of Africa lies in the tropics and it constitutes about 43% of the total land surface of all the tropics. But the larger area of Africa is not, on the whole as highly developed as expected. For instance, the tropical Africa contains only about 15% of the total population of the tropical lands of the world and accounts for less than 8% of the exports, less than 12% of the imports, and only about 10 of the total trade of the tropics. These figures showed a rather low standard of development in tropical Africa (Jegede, 2001). Africa is blessed with enormous resource including a lot of agricultural potentials. Africa has varying climatic zones with abundant sunshine and rainfall. All these potentials, if well harnessed, would stimulate a buoyant industrial sector. The large expanse of grass land and water, according to Jeje and Adesina (2006), provide high potentials for livestock and fisheries/hydro electric power respectively; yet Africa is not a leading exporter of these resources.

Africa, according to Ndam et al. (1995) enjoys a large share of the world’s mineral resources. The continent has 38% of global chrome ore reserves,
23% for coppers, 43% for cobalt, 50% for manganese, 10% for natural gas, 70% for phosphate, 7% for lead and 11% for zinc. The continent also has 20 billion tons of iron ore, 5 billion tons of petroleum, 350,000 megawatts of hydropower and geothermal potential as well as considerable amounts of gold, diamond, gypsum, ratite and clay. But despite these natural resources, rapid industrial development seemed to have eluded Africa.

In the recent time, according to Singer (1979) and Alo (2009), Africa had been seen as a continent beset with unparalleled economic crisis. The continent’s economic alment in the recent past, according to Blunt et al (1992) and Alo (2009) has attracted a series of economic prescriptions such as currency devaluation, reduction of government subsidies, stimulation of exports, encouragement of private sector and foreign incentives, imposition of fees for public services such as paying fees in public educational institutions and health centres; and drastic reduction in the size and role of public sector in business formations. In fact, according to Blunt et al (1992) the crisis would in future become severe, general and worsening.

Corroborating this idea, Nellis (1986), White (1987), Collins (1989), Jamodu (2010) and Olaopa (2012) contended that many public industrial enterprises in Africa failed to perform because of poor initial investment decisions, inappropriate pricing policies, under capitalization, high debt equity ratio, failures by government to pay for services rendered and political interference in day to day management decisions of public enterprises. White (1987) in his investigation into the industrial development of some selected countries in Africa found that most industrial organisations in Africa were poorly managed. His reasons included poor management of available resources, low capacities for growth and political instability. He opined that symptoms of poor industrial performance in African nations included inability to make policy and routine decisions and implement them, failing services, low morale, high labour cost, overstaffing, declining revenue, weak financial management and poor routine audit.

Leonard (1997) had earlier attributed the economic crisis of African nations to patterns of management and employee behavior in the industrial sector which according to him were largely culture bound. He posited that differences in organisation behaviour between African manager and their counterparts in the industrialized world were due to fundamental differences in values. According to him, western social science makes certain assumptions about the functionality of industrial organization namely; the
assumption of “purposeful rationality” implying commitment to organisational goals, and the assumption of “economic rationality” which views economics as the fundamental social process that provides an understanding of all human transactions. Leonards (1997) therefore asserted that such assumptions were not applicable in all societies and that their validity in Africa was particularly limited. It was deduced that the transfer of western management concepts and practices to African organisations have not yielded fruitful results but rather compounded the economic crisis. He therefore suggested that the way out is for Africans themselves to find their own management concepts and practices. Jegede (2012) still found this observation to be true about the African economic environment.


Rondinelli (2006) in his studies reported that international donors had spent about thirteen billion dollar (U.S. $13 billion) on industrial development aid to sub Sahara Africa but that very few signs of economic progress were evident in the region. According to him, the general accounting office of USAID conducted a research in an effort to deepen its understanding of the reasons for industrial organisational failure in Africa. In that study, USAID reviewed more than 1000 of its industrial projects in Africa over a period of ten years. This was followed by a content analysis of 227 project reports which sought to identify common factors explaining project performance in African nations. High on the list of problems identified by these investigations were those associated with organisation leadership, structure and design. Organisation problems involving inadequate support systems and ineffective organisational relationships occurred in more than 91 of the 227 African industrial project reports subjected to content analysis.

Although today Africa is seen as a continent beset with unparalleled economic crisis, it is worth recalling that the decade immediately following the independence of most African countries in the early 1960s was a period of unprecedented and impressive industrial growth and performance. Between 1963 and 1970, according to Jegede (2001) the average Gross
National Product (GNP) growth in Africa was about 4.7 percent compared to approximately 2 percent in the 1950s. Production of manufactured goods grew at a rate 8.3% and Africa’s share of global value added manufactured products rose from 0.4 in the 1960s to about 0.5% in 1970 (World bank report, 1985). Beginning from mid 1970s, it has stagnated at about 1%. This performance is disappointing more so that the general expectation of the developed world, at the Lima Declaration, was that the share of African countries in world manufacturing would continue to rise (Vaitsos, 1975 and Singer, 1975). The positive trends were short-lived because many of the African countries began to adopt easy import substitution strategy without putting in place an appropriate ancillary system that would have linked large industries with small and medium industries.. They introduced fiscal policies and incentives that did not encourage sub contracting system that would ensure smooth transferring of technology arising from the import substitution strategy. As a result, Collins (1999) observed that the African industrial scene in the mid-1980 was characterised by:

- Industrial organisation based on imported raw materials, machinery and expatriate technicians to produce consumer goods with simple technologies that entailed merely final processing and packaging.
- A preponderance of state owned enterprises, which suffered from inadequate pre-planning, cost overruns and inefficient management.
- A limited range of industrial goods with noticeable absence of intermediate and capital goods industries.
- An orientation toward domestic markets with very little towards exports which tended to exacerbate Africa’s balance of payment problems.
- Inadequate forwards and backwards linkages and lastly
- Under use of installed capacity despite a generally small industrial base.

Collins (1999) and Jegede (2012) noted that political instability, lack of technological and industrial information, inadequate infrastructures and low levels of direct foreign investment further compounded the situation.
Prospects

Many donor agencies like USAID and UNIDO among others have shown concern in the economic development of Africa in the last six decades. Accidentally over the same period, African nations have had to contend with some global economic changes. These significant and profound changes on world industry included globalization and liberalization of world trade with the Uruguay Round Agreements (coordinated by the United Nations Industrial Development Organisation-UNIDO) and the adoption of ISO 9000 for quality standards, rapid technological changes, increased role of transnational Corporation, increased investment costs and reduced product life circles. Beginning from mid 1980s, African countries have responded positively to some profound economic prescriptions particularly in economic reforms and democratization. Today over 30 African countries have adopted structural adjustment programme under the supervision of the World Bank and the International Monetary Fund (IMF). Subsequently, most African nations have come to appreciate the positive contribution of private sector as partners in development, leading to establishment of regional collaborative efforts in the private sector. The African Economic Community (AEC) has been set up as a vivid example of regional cooperation and integration. In the same vein, African countries have come to appreciate the need for luring and collaborating with technical experts from development world in her struggle to develop technologically. Such technical collaboration (masterminded by United Nations Industrial Development Organisation - UNIDO) has resulted in many policy framework, conference proceedings, declarations and information transfer. These include:

- The new Agenda for development of Africa in the 1990s.
- The industrial action programme for the least developed countries.
- The UNIDO Yaounde Declaration of December 1993.
- The African Economic Community treaty (1994) and Drafts protocol on industry.
- The Lagos plan of action and the Final Act of Lagos and
- The first and second Industrial Development Decade for Africa (IDDA I and II)

The implications of these laudable programmes are that the international communities, particularly the developed world have recognized the fact that Africa’s economic growth must come from within, coupled with regional cooperation and integration for collective self support and sustenance. It is
worth mentioning that much of the collaborative programmes in Africa have been initiated, supported and coordinated by the reputable international organisation, the United Nations Industrial Development Organisation (UNIDO). These programmes served various purposes, although their objectives were not always fully attained due to misplaced values among African government officials. For one thing, the programmes served to draw the attention of the international community and the international development agencies to Africa’s plight that there is still the need for continued assistance. For instance the programmes for the industrial Development Decade for Africa (IDDA) provided the broad policy framework for UNIDO’s activities in Africa. The programmes routed in the Lagos Plan of Action, represented a policy commitment by all African countries to accelerate industrialization and seek the international community support in this endeavour. Consequently, UNIDO in collaboration with organisation for African Unity (OAU) and the Economic Commission for Africa (ECA) designed the first IDDA (1980-1990) which regrettably, did not entirely fulfil its objectives, although IDDA I assisted to reawaken African continent to the pivotal role of industry in economic development. Various African countries, thereafter sought UNIDO assistance in organizing conferences and assist in designing industrial policies and strategies.

The IDDA 2 (1993-2002) was inaugurated purposely to assist the African countries in redressing the issue of poverty and dependence. UNIDO has been a major vehicle promoting industrial development in Africa. She has intensified its cooperation with African countries and organizations in the area of industrial policies and strategies; industrial institutional capacity building, development of the private sector, especially Small and Medium Scale Enterprises (SME), the informal sector, human resources development, development and transfer of technology, mobilization of financial resources for industry including investment, promotion, industrial restructuring, rehabilitation and maintenance and regional cooperation. UNIDO assisted to organize the African iron and steel association in 1992 and also assisted iron and steel industries in some African countries especially the ZISCO Steel Rolling plant in Redcliffie, Zimbabwe.

The pattern of the foreign aids and expenditure on technical cooperation projects delivered to the various world geographical regions reflected the importance UNIDO attached to Africa from 1989 to 1993. For instance,
Ndam, et al., (1995) reported that Africa got 35% of UNIDO’s total expenditure compared to 30% for Asia and Pacific; 21% for global and inter-regional project, 8% for Latin America and 30% for Europe and the Newly Independent States (NIS). Collaboration between foreign donors, particularly UNIDO and African countries yielded positive results. In the Jua Kali, Kenya; women in textile industry were assisted to be self reliant in their trades. Training was provided to transform Kenyan women from Kitchen-table dress makers and designers into fully fledged entrepreneurs. Through this collaboration, over 380 business women have been trained, 853 new jobs created and new product lines developed (Ndam, et. al., 1995). Also, UNIDO improved the training and technical capabilities of the national leather training and development institutes within the Preferential Trade Area (PTA) of Eastern and South African States involving a total of eight countries. The economies of these eight (8) African countries have benefited positively from the UNIDO’s contributions to the leather industry. In addition, UNIDO provided technical assistance in food processing for many African countries like Malawi, the Gambia and Tanzania. UNIDO has also helped to create and strengthen institutions that were responsible for technology transfer in many African countries like Benin, Burkina Faso, Cote Ivoire, Mali, Mauritania, Nigeria and Niger. In these African countries, International Donor Agencies have assisted to set up a ‘Town and Gown’ think tank that set in motion a unique African path to economic development. In different parts of the sub region, including Nigeria, Development Policy centres were set up as a structural representation of a multidisciplinary matrix for policy research and analysis to backstop the African development process. The general objective of most of these sustainable development programmes is to synthesize sociology of development from the backdrop of policy, business, culture, value, institution, development communication, research and science and technology. In Nigeria, the centre for Industrial Research and Development was established in 1968 at Obafemi Awolowo University, Ile-Ife and sustained through the tripartite agreement of the Federal Government of Nigeria, UNIDO and Obafemi Awolowo University, Ile-Ife. The centre was financially supported through the UNIDO and has been a tremendous assistance to many industrial development programmes up to date in Nigeria. Other activities of UNIDO through collaboration with African countries, according to Ndam et al, (1995) included;

- Arranging for human development and training workshop in dairy technology at Candido Toeste Institute, Brazil for experts from nine
African Countries to deliberate on the persistent problem of malnutrition and find solution to alleviate malnutrition and provide the basic dairy elements for a healthier diet.

- Provision of technical assistance in food processing to several African countries like Tanzania, Ghana, the Gambia and Malawi;
- Creating and strengthening of institutions responsible for technology acquisition and transfer in many African countries including Benin, Burkina Faso, Cote d Ivory, Mali, Mauritania and Niger.
- Revitalizing industrial research and development institutions and pioneering the Technological information System (TIES) involving 20 African institutions.
- Organizing international investors’ conference for some selected institutions within the Preferential Trade Area (PTA) of Eastern and South African States and West African Countries like Zanzibar and Ghana.
- Supporting the establishment of national standards bureaus in many African countries.
- Initiating the concept of the strategic Management of industrial Development (SMID) which proved to be appropriate for severely disorganized African economies which were trying to move from three tiers of government-led inward oriented policies to a more open economic framework. This concept was successfully introduced to ten African countries including Kenya.
- UNIDO in collaboration with OAU and ECA organized the biennial meeting of the conference of African Ministers of Industry (CAMI) and the African industrialization day with different themes approved at the CAMI.

Generally speaking, UNIDO activities through collaboration with African countries have proved that collaborative efforts could still be another key to sustainable industrial development in Africa. It facilitates rapid industrialization of the region and few African countries have made encouraging progress in industrialization in this regard. Since the early 1990s, more than 12 African countries were reported to have achieved an annual average growth rate of manufacturing value added that exceeded 5%.
For instance Seychelles achieved 9.1%, Equatorial Guinea, Bissau and Uganda had 7.5%, 6.6% and 8.8% respectively. Mauritius, Botswana and Tunisia continued to exhibit strong positive growth rates. Ghana was reported to have made impressive and continuous progress (World Bank 1992). The emergence and continued sustenance of democratic South Africa and Nigeria in the Africa scene is expected to continue to provide new impetus and stimuli in industrial development.

**Conclusion**

Considering the trends in the demand for UNIDO services and consultation with African countries, UNIDO will continue to play a key role in the collaborative efforts to ensure sustainable industrial development in Africa. This collaborative effort is expected in the future to be around;

- Encouraging and promoting socially responsive industrial development
- Continuous support for the introduction of the concept of strategic management of industrial development (SMID) in all African countries.
- Creation and strengthening indigenous capabilities for sustainability of industrial projects.
- Paying special attention to the 47 least developed countries in Africa.
- Assisting the private sector and the informal sector with market news about potential new products, sources of raw materials and other inputs, investment promotion, Industrial services as well as assistance in setting up export processing industrial estates and parks.
- Encouraging African countries in the areas of industrial competitiveness and entrepreneurship, namely: improvement in quality, design and packaging especially ISO 900 for quality standards.

In the same vein, assistance of donor agencies will be required in the promotion of small and medium scale industries as well as some selected big industries like iron and steel industry, especially in the areas of linkages between small and big industries to raise productivity, employment and
incomes. Special attention should be placed on modernization of equipment in industries and rehabilitation of ailing industries. Integration of women into the industrial development has to be rigorously pursued. Continuous provision of investment promotion programme as a means of acquisition of technology and management has to continue with a renewed vigour.

Today rapid information technology has almost turned the whole world into a village. The globalization trend will definitely continue even at a faster rate in the near future. This new global village is likely to witness a fast growing interdependence among industrial countries and Africa cannot afford to lag behind, trailing the world. Because of the growing interdependence, economic weakness of any nation is bound to adversely affect the rest of the world. It is in this limelight that UNIDO activities through collaboration with the African countries should be vigorously pursued.

Finally, the African countries seem to have committed themselves to taking up the challenges. But they also look to their development partners to join them in assuming and completing these difficult tasks through various measures as well as with more tangible support. Collaboration between African countries and developed world therefore is the key to sustainable industrial development in Africa.

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