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ACTIVITIES OF THE UNITED NATIONS SYSTEM OF ORGANIZATIONS
IN THE FIELD OF INDUSTRIAL DEVELOPMENT

Second Consolidated Report of the Industrial Development
Activities of the United Nations System of Organizations

Addendum 8: Activities of the Economic Commission for Africa
in the field of industrial development

Industrial output in Africa expanded rapidly during the last twenty years, at a rate of about 7.4 per cent per annum as compared with 4.5 per cent per annum in advanced countries. Manufacturing output expanded at a rate of about 8.6 per cent per annum as compared with 4.8 per cent per annum in advanced countries. The higher rates in Africa are, of course, explained in part by the low initial levels.

In spite of these relatively high rates of growth, the African economies still remain dependent on agriculture. Nearly 40 per cent of the gross domestic product is derived from agriculture; manufacturing accounts for only 9 per cent as compared with about 33 per cent in developed countries. (The balance - commerce, transport, services - is mainly for export-oriented activities.) But agricultural development can neither in itself result in a satisfactory growth of income and employment, nor be sustained without an increase in industrial activity. It is therefore imperative that the industrial sector should be developed at a relatively rapid rate.

It should, however, be emphasized that whatever the magnitude of the effort to speed up industrial development, it cannot be effective unless it is marshalled and channelled through rational programmes, taking into account the industries already in existence, available resources (including manpower) and their potential. With

this end in view, the ECA secretariat has, during the last four years, prepared the groundwork for the conceptual aspects of industrial development programmes and identification of possible projects. The basic objective has been to obtain a wide perspective of economic development, in order to establish sectoral production targets, which will provide a point of reference for detailed feasibility and engineering studies and assistance to Governments in the reorganization of existing inefficient factories (where this is required). Such a perspective also provides criteria on which to base detailed planning.

There is scope in all African countries for the development of small-scale industries, but the size of the market, from the point of view of both population and effective demand, in most of them is insufficient for large-scale modern industries owing to the minimum scale of output required; other factors which militate against the establishment of modern industries are unequal distribution of natural resources, lack of skilled manpower and capital and insufficient knowledge of the potential of African economies.

To overcome some of these problems the Commission has established larger economic units in the form of sub-regions: North, Central, West and East. Within each sub-region the already existing multi-national groupings and associations are being encouraged and strengthened, e.g., the Senegal River Basin Inter-State Committee (West Africa), the Maghreb (North Africa), Union Douanière Economique Afrique Centrale (Central Africa) and the East African Common Services.

An alternative would have been to consider, immediately, the whole of the African continent as one economic unit. But the difficulties would have been insuperable because of such factors as the inadequacy of infra-structural facilities and differences in historical background and tradition. Nevertheless, the boundaries are by no means sacrosanct; in fact, for some industries (e.g., aluminium, fabrication of copper) a more rational division may be achieved by cutting across sub-regional boundaries. One can also visualize cases where two countries, one in North Africa and another, say, in East Africa, would consider it in their immediate economic interests to co-operate on a specific project across sub-regional boundaries.

It is, therefore, the ultimate objective of the Commission to bring about, step by step, co-operation on an all-African basis, in accordance with the declaration of the Conference which established the Organization of African Unity, held in Addis Ababa, 17 to 25 May 1963.

It is within this framework of multi-national, sub-regional and regional co-operation that the work programme of ECA in the field of industrial development is being carried out. This does not mean that national projects are being overlooked; on the contrary, ECA is aware that the success of this programme depends on the thorough assessment of the national potential in each country. The creation of new small-scale national industries and measures to increase the performance of existing national industries are seen not only in the context of providing employment and training African entrepreneurs but in the context of ensuring the development of ancillary industries which are essential if large industrial undertakings are to be successfully developed.

The pre-feasibility studies undertaken (or in progress) in each sub-region, in addition to drawing attention to the enormous possibilities of import substitution at the national level, have concentrated on the scope for expansion or starting the build-up of a whole range of medium-scale and large-scale industries. The studies are in four categories. The first category considers industries which would require a sub-regional market (sub-regional industries). The second group of industries includes those which are not small enough to be feasible on an individual country basis, but which do not necessarily require a sub-regional market. These industries could therefore be established jointly by two or three countries in each sub-region (multi-national industries). The third category are those industries which are sufficiently small to be feasible in individual countries (national industries). The final group are industries which would be viable only on an inter-sub-regional basis.

Simultaneously, sub-regional inter-industry balances are being prepared. Through the inter-industry analysis it has been possible to provide a rigorous presentation of the inter-industry relationships which can be expected to result from the national, multi-national and sub-regional projects envisaged. The sequence of input-output relationships leading from agriculture or the mining industries through basic and intermediate industries to the ultimate consumer cuts across national boundaries. This emphasizes economic interdependence among the States of each sub-region, few of which could support even a single industry on the basis of the national market alone except for small-scale production of a few consumer products.

Therefore, no single country could ever hope to achieve complete economic independence. The general conclusion is that a considerable degree of economic co-operation is essential if industrial development is to be accelerated.

The concept of multi-national development requires for its implementation close co-operation between the various countries, and the secretariat, accordingly, has promoted conferences on industrial co-ordination in each of the sub-regions. These conferences have taken note of the industrial proposals and have recommended the setting up of consultative machinery to consider their implementation.

At the regional level the problems and prospects of industrial development in Africa were examined at the Symposium on Industrial Development held in Cairo, jointly with the United Nations Centre for Industrial Development (now the United Nations Industrial Development Organization) in February 1966. The report of the symposium and a number of selected documents will be submitted to the International Symposium on Industrial Development to be held in Athens in late 1967.

Other activities at the regional level included the preparation of reports on standardization and on industrial research. In both fields, further work will be undertaken in 1967. A survey of the export possibilities in manufactures and semi-manufactures is being undertaken as a joint project with UNCTAD. Studies are of two kinds:

- (a) agricultural and related products;
- (b) mining and manufacturing, which includes estimates on future production possibilities.

Turning now more specifically to the work programme for 1967-1968 and the next few years, the secretariat by the end of 1967 will have designed an industrial development programme for the entire African continent, envisaging the establishment of hundreds of plants in each sub-region, many of them designed to produce for several countries. At the same time, the programme will be balanced not only in regard to the development of light and heavy industry and of industries producing capital goods, intermediate goods and consumer goods but among countries, so that all will share equally, as far as possible, in the extra benefits to be obtained from co-operation. It may be possible to carry the analysis a stage further and to present a plan which would not only be consistent but would represent the best possible distribution of resources within each sub-region. The

stage will then have been reached when emphasis should be on industrial promotion (negotiations and implementation) rather than on more surveys and studies; and it is therefore suggested that the work programme for 1967-1968 should concentrate on operational activities.

The following operational activities have been initiated.

A. Small-scale industries

A Small-scale Industries Advisory Centre is being started in West Africa. Similar centres will be established in Central and East Africa after consultations with the Governments concerned, pursuant to a resolution of the eighth session of the Commission. With regard to North Africa, it is proposed that the Industrial Studies Centre to be established in Libya should also advise on small-scale industries.

These centres will give on-the-spot advice not only on the identification and implementation of projects, but on how to reorganize existing factories so as to raise their productivity.

It is recorded with appreciation that a number of industrialized countries have offered to assist these centres by way of staff, exhibitions and demonstration activities.

B. Implementation of pre-feasibility studies (multi-national and national projects)

The implementation of projects already identified - by the ECA secretariat, by experts from industrialized countries who have conducted studies in Africa, and by the African Governments themselves - will require not only definite decisions on the part of African Governments (either singly or in groups) but massive investment from both domestic and foreign sources. Therefore, new bridges between African countries, on the one hand, and between African countries and external sources of know-how and capital, on the other, have to be built. As a first step towards the building up of these bridges, a Conference of Industrialists and Financiers was held in Addis Ababa in January 1967. The results of this technical conference were submitted to African Governments at the eighth session of ECA held in Lagos in February 1967.

As a follow-up of the Conference of Industrialists and Financiers and of the resolutions of the eighth session of the Commission, the Executive Secretary has initiated consultations with African Governments on industrial information and promotion centres, and with industrialized countries on the creation of advisory consortia of industrialists and the establishment of small liaison offices in industrialized countries for promoting investment in Africa.

A small team of experts will shortly undertake an inventory of all existing national machinery for industrial promotion, including corporations, development banks, African chambers of commerce and industry and, where appropriate, private organizations which serve industry. The inventory will include collection of information in those cases where African Governments have established offices in industrialized countries for purposes of industrial promotion. The purpose of the inventory, amongst other things, will be to identify:

- (a) whether individual countries are adequately served;
- (b) what measures are required to strengthen national centres;
- (c) which centres can be expanded to serve more than one country, i.e., converted into multi-national centres;
- (d) measures required to speed up the training of African personnel and to allow for exchange of personnel among African countries.

The main functions of the centres, especially those which are multi-national, will be:

- (a) to assist member States in the identification of projects;
- (b) to advise on the organization and execution of feasibility and engineering studies;
- (c) to advise on investment and construction, inter alia, by making appropriate contacts with potential investors;
- (d) in co-operation with the Executive Secretary of ECA, to advise and assist in negotiations for multi-national projects;
- (e) to keep a register of all existing national industries, and projects planned for the near future (one to three years);
- (f) to assist in preparation of designs and working drawings for equipment and buildings, drawing up of detailed specifications for equipment, preparation of bids and assessment of offers, selection of equipment, commissioning contract negotiations, and supervision of erection and start of operations.

To enable the centres, when established, to carry out their duties, it is intended to request bilateral donors, including industrial organizations and institutions in industrialized countries, to provide part of the staff.

In view of the multi-national character of some of the industrial promotion centres, it is to be expected that African counterpart personnel presently serving in national organizations would, by agreement of their Governments, be available to assist the staff of the promotion centres.

As a further step towards the implementation of projects and strengthening the work of the promotion centres ECA is taking steps to create four consortia of industrialists in industrialized countries to work closely with the promotion centres in the following fields:

- (a) Building materials and plastics industries;
- (b) Agricultural processing industries, including food and forest-based industries;
- (c) Metallurgical industries, including iron and steel, electrical and mechanical engineering industries, etc.;
- (d) Chemicals and fertilizers industries.

Primarily, the functions of these consortia will include:

- (a) A general review of progress in each of the four fields;
- (b) A review of current projects in progress;
- (c) Identification of projects on the basis of present studies, together with recommendations on follow-up action;
- (d) Advice on the most effective means of project implementation.

The sub-regional studies are now being brought up to date and finalized. These will be sent, on completion, to all African Governments, irrespective of sub-regions, and to appropriate United Nations organizations and industrialized countries.





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