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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Second Conference
of Ministers of Industry*
Cairo, 18-23 December 1973

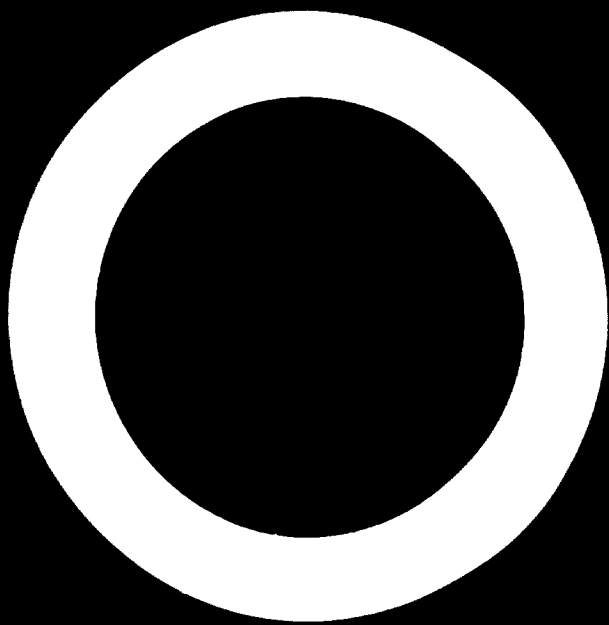
**INDUSTRIALIZATION
IN AFRICA .**

Principles and guidelines
for co-operation and development

DECLARATION

(The present document includes, in an annex,
the recommendations of the First Meeting
on the Follow-up Committee on Industrialization in Africa,
Addis Ababa, September 1974)

*Sponsored by
the Economic Commission for Africa (ECA),
the Organization of African Unity (OAU) and
the United Nations Industrial Development Organization (UNIDO)



The Second Conference of African Ministers of Industry, sponsored by the Economic Commission for Africa, the Organization of African Unity and the United Nations Industrial Development Organization, was held at Cairo, the Arab Republic of Egypt, from 18 to 23 December 1973. On 23 December 1973 the Conference adopted the following declaration on "Industrialization in Africa: Principles and Guidelines for Co-operation and Development". This declaration sets out policy measures and actions to be pursued at the national, regional and international levels to promote and accelerate industrialization in Africa during the Second United Nations Development Decade.

The Conference further recommended that the basic principles and guidelines set out in the declaration should constitute the African stand in international negotiations, particularly during the Second General Conference of UNIDO, and requested the Chairman to submit the declaration to the Second General Conference of UNIDO, to be held at Lima, Peru, in March 1975.

Industrialization in Africa: Principles and Guidelines for Co-operation and Development

DECLARATION

We, African Ministers of Industry, meeting in the city of Cairo, in the Arab Republic of Egypt from 18 to 23 December 1973,

Having considered the low level and slow rate of industrialization in the region during the first two years of the Second United Nations Development Decade in comparison with the target set by the United Nations Development Strategy,

Noting with concern that industrialization has so far failed in many African countries to provide a major impetus for development, structural change and employment and that although the range of industries established has widened in the last decade, African countries continue to import a higher proportion of most of their requirements of consumer, intermediate and capital goods than other regions,

Examined the major constraints on industrialization in the region and the various ways for surmounting them,

Recognizing the serious consequences of continued instability in the international monetary system, the growing power and influence of multinational corporations in global economic relations and development policies and the adverse effects of inequitable business arrangements on industrialization in Africa,

Further noting with concern the decline in the provision of technical and financial assistance from bilateral and multilateral sources for economic and social development in general and industrialization in particular in Africa,

Convinced that the general welfare and development of the region cannot be effectively promoted unless the special problems and difficulties of the least developed countries are successfully tackled and pockets of extreme poverty and mass unemployment eliminated,

Recalling in this respect resolution 62 (III) adopted by the Third UNCTAD held in Santiago, Chile, in March 1972 calling for special measures in aid of the least developed countries and resolution 1797 (LV) adopted by ECOSOC at its fifty-fifth session on assistance for the drought-stricken areas in Africa.

Further recalling the resolution adopted by the 4th Summit Conference of the Non-aligned Countries in September 1973 entitled *Economic effects arising out of Israeli aggression against Arab States* as contained in the Economic resolution No. 6 and *noting* the harmful effects of the continued unsettled situation on the industrialization of African countries,

Encouraged by the concerted efforts of African Governments to promote and safeguard the vital economic interests of the region as a whole, particularly in the negotiations with the European Economic Community, in preparatory work for the Multilateral Trade Negotiations which are expected to begin effectively in 1974 under the auspices of GATT and the negotiations on the reform of the international monetary system within the Group of Twenty,

Inspired by the Charter on Economic Independence adopted by the Heads of State of OAU at their Tenth Ordinary Session held in Addis Ababa in May 1973, and the Programme of Action for Economic Co-operation adopted by the Fourth Non-aligned Conference held in Algiers in September 1973,

PART ONE

1. *Rededicate* ourselves to the achievement of the goals and objectives of industrialization set out in the *International Strategy for Economic and Social Development*, the *African Strategy for Development in the 1970s* as well as the *African Declaration on Co-operation, Development and Economic Independence*, adopted by the Tenth Session of the Assembly of the Heads of State and Government of the OAU in May 1973;

2. *Reaffirm* the role of industrialization as a dynamic instrument of growth in the strategy of development of African countries;

3. *Request* African Governments to intensify actions aimed at the full and effective mobilization of their human and natural resources so that industrialization can play in the shortest possible time its assigned strategic role in the economic and social transformation of the region;

4. *Reiterate* that equitable global trading and investment arrangements and greater economic benefits can only be obtained for the region within the framework of a sound and dynamic industry sector.

5. *Consequently urge* African Governments to take full account of the medium and long-term needs of industry in their current series of multilateral negotiations;

6. *Reassert* the permanent and complete sovereignty of each State over all forms of its natural resources and *consequently recommend* the creation of an *African Mineral Development Council* to promote greater industrial processing in Africa of Africa's mineral resources and to foster the harmonization of policies and actions which could lead to increased earnings from such resources;

7. *Adopt* the Inter-African Multinational Enterprise approach as an appropriate instrument for fostering industrial co-operation particularly for creating multinational industries and eliminating the market limitations imposed on certain projects and *call upon* African Governments to initiate consultations on multinational projects;

8. *Reiterate* our commitment to the promotion and development of African self-reliance and for this purpose urge Governments to adopt policies and pursue actions which will result in greater intra-African technical and financial co-operation;

9. *Further reiterate* our desire to secure fullest co-operation with developing nations outside the African continent in both technological and financial areas;

10. *Recommend* adoption of appropriate policies and programmes to build technological capability at national, subregional and regional levels;

11. *Regret* that notwithstanding the efforts exerted by African countries to define their development priorities and strengthen their implementation mechanisms at the national level that a corresponding and adequate level of international flow of financial resources in particular to the industry sector has not been forthcoming and that acceptable external conditions were not realized;

12. *Urge* the developed countries to assume their responsibility and to ensure a net transfer of financial resources to the African countries in conformity with the targets set by the United Nations International Development Strategy particularly to enable the African countries to develop their economies by increasing the share of the industry sector in their gross national product;

13. *Further urge* international finance institutions to re-examine their lending policies and terms and conditions for applying loans with a view to adapting these to the industrial needs of African countries, particularly the least developed and landlocked countries;

14. *Also urge* UNDP and UNIDO to expedite and improve the allocation of resources to industry and request UNDP to increase the allocation through UNIDO to African industrial development programmes, which has the responsibility of central co-ordinating role in industry;

15. *Commend* the Executive Secretary of ECA and the Executive Director of UNIDO on the steps they have taken to set up a joint ECA/UNIDO Industry Division in the ECA headquarters and to commence work from 1 January 1974 and *recommend* that the two organizations jointly draw up an African programme of work and priorities based on the recommendations contained in this Declaration:

16. *Decide* to set up a Committee comprising the Bureau of Conference and the sponsoring organizations, i.e., OAU, ECA and UNIDO, to ensure the implementation of resolutions and decisions of the Conference in between the meeting of the Conference and to report on progress made in implementing the recommendations set out in this Declaration at the next Conference of African Ministers of Industry in 1975;

17. *Affirm* that this Declaration and the basic principles and guidelines for co-operation and development set out therein represent the common view of the African region on the basic principles of an international declaration on industrial development and co-operation which would define a comprehensive plan of action for assisting the developing countries and in particular the least developed among them in their efforts to accelerate industrialization and achieve a more equitable share of industrial activity in the context of a new international division of labour in industry;

18. *Recommend* that the basic principles and guidelines set out in this Declaration constitute the African stand in international negotiations particularly during the Second General Conference of UNIDO and requesting the Chairman of the Conference to transmit the text of this Declaration to the Second General Conference of UNIDO to be held in Lima, Peru in March 1975;

PART TWO

Basic Principles and Guidelines for Co-operation and Development

A. National industrial development policy

The effectiveness and efficiency of national industrial development policies determine the rate and direction of industrialization. National planning and decision making would need to foster the fastest development

of the skills, institutions and financial resources required for accelerated industrialization. Policy measures and actions would naturally differ from one country to another in accordance with the resource endowments and level of industrialization of the countries concerned. However, African countries would need to give high priority to the following actions in particular:

- (i) The strengthening of the link between agriculture and industry by promoting the development of dynamic agro-industries and other agriculture and service-oriented industries;
- (ii) The formulation of a clearly defined long-term industrialization strategy and plans and specific policies and measures to implement them including the establishment of institutional and review and appraisal machinery to keep performance and progress under constant scrutiny and a long-term plan for the training and development of required staff;
- (iii) The formulation of a well-defined policy on the respective roles which public, private and foreign ownership are expected to play in the development of various sectors of industry and adherence to this policy;
- (iv) The establishment of policies, programmes, services and institutions to foster the development of African entrepreneurship;
- (v) The establishment of mechanisms and institutions to monitor and regulate the choice and acquisition of foreign technology and foreign investment;
- (vi) The establishment or strengthening of supporting institutions and agencies to provide or undertake industrial financing, investment promotion services, industrial information, industrial standards, industrial research, vocational and industrial training, management education and the design and construction of manufacturing plants;
- (vii) The creation and development of such appropriate industries that could be effective instruments for consolidating and integrating national economies.

B. Export promotion

Unless markets and purchasing power expand rapidly, industrialization cannot be sustained by means of a strategy of import-substitution alone. In the perspective of the objective of accelerated industrialization, the promotion and development of capabilities in export industries are indispensable to the achievement of industrialization goals. African countries would need to formulate export policies and pursue deliberate actions to

increase and diversify their sources for foreign exchange earnings. The major areas of policy measures and action include:

- (i) The exploitation of export markets based on the potentials of African natural resources through a vigorous drive and the timely creation of export industries;
- (ii) The formulation and pursuit of policies and programmes aimed at the greatest domestic processing of Africa's renewable and non-renewable natural resources before export;
- (iii) The creation and strengthening of the export infrastructure required to sustain an aggressive export policy including services for quality control and standardization, market intelligence and personnel specializing in the over-all problems and needs of exporters, and the pursuit of a foreign exchange policy which takes fully into account the requirements of the export sector;
- (iv) To recommend the creation of an *African Mineral Development Council* to foster the effective co-ordination of policies and programmes in respect of the exploitation and use of mineral resources;
- (v) The promotion of policy measures and actions where applicable that would facilitate the relocation in Africa of industries;
- (vi) Consideration of utilizing subcontracting as an effective instrument of export policy.

C. Integration industries

The basic prevailing feature of industrialization in Africa is the prevalence of small-scale, high-cost industries which have succeeded neither in bringing about the desired transformation of economic structures nor in securing higher incomes and employment. African countries would need to create large-scale, low-cost industries if industrialization is to play a dynamic role in the economic and social development of African countries. Since such industries can only be set up through widening of markets made possible by inter-African countries, the highest priority would need to be placed on African multinational industrial development policies and programmes. Action would need to be intensified in:

- (i) The identification and promotion of appropriate institutional mechanisms to facilitate the establishment of African multinational enterprises;

- (ii) The harmonization of national development plans and the co-ordination of industrial development programmes among African countries;
- (iii) The formulation and implementation of long-term programmes for the expansion of intra-African trade in manufactures through the progressive reduction of trade barriers and the improvement of intra-African transport networks;
- (iv) The identification of opportunities for co-operation between African countries on the development and sharing of hydroelectric and other sources of energy for industrial purposes;
- (v) The initiation and pursuit of multilateral consultations on multinational industries by specified group of countries;
- (vi) The promotion of the *African Multinational Enterprise* approach as an instrument for facilitating and reaching decisions on specific industrial projects;
- (vii) The search for co-operation in the bilateral and multilateral levels in pre-investment studies of African multinational industries; and
- (viii) The mobilization and co-ordination of efforts of the intergovernmental and regional organizations in Africa with the object of achieving the earliest breakthrough in intra-African co-operation for multinational industries.

D. Investment promotion

Although the greatest burden for industrialization would continue to be shouldered by African countries themselves, foreign investment would play an important supplemental role, particularly in respect of the transfer of managerial and technological skills. To derive maximum and equitable benefits, policy measures and actions would have to be formulated, negotiated and pursued in a sustained manner. These include:

- (i) The creation and strengthening of investment promotion machinery;
- (ii) The promotion of African investment laws to provide the framework for the application of uniform investment conditions;
- (iii) The assistance of UNIDO and UNCTAD in co-operation with ECA and OAU in undertaking a thorough and comprehensive study of the problems of the transfer and utilization of industrial technology in Africa aimed at formulating recommendations which could assist African Governments to draw up and implement long-term programmes of institution building and training and establish

guidelines for the acquisition and use of technology at the national, subregional and regional levels.

E. African self-reliance

Accelerated industrialization in Africa depends on the development and extent of African self-reliance. Intra-African co-operation is a basic instrument for the promotion and development of self-reliance and efforts would have to be intensified for fostering collective action to resolve common problems. In particular, policies and actions are needed to develop increased intra-African technical and financial co-operation by means of:

- (i)* Bilateral and multilateral agreements on the exchange of know-how and personnel;
- (ii)* The creation of regional and subregional institutions for industrial research and standardization, training of managers and operative skills and for technological development;
- (iii)* Inter-State investment industrial enterprises;
- (iv)* The formulation of policies and implementation of programmes that would result in the earliest replacement of expatriates engaged in conceiving, programming and operating industrial projects and enterprises;
- (v)* The assistance of international organizations in identifying areas of intra-African technical and financial co-operation and in co-ordinating programmes of technical co-operation at the regional and interregional levels.

F. Technical and financial co-operation

The magnitude of industrialization in Africa calls for the judicious and timely utilization of technical and financial assistance. Bilateral and multilateral sources of assistance would have to be directed to priority areas of need. In particular, actions are required to mobilize external assistance in areas related to:

- (i)* Pre-investment activities, including the identification, preparation and screening of national and multinational industrial projects;
- (ii)* The exploitation and industrial utilization of Africa's renewable and non-renewable natural resources, particularly forest, mineral and agricultural resources;

- (iii) The promotion and implementation of appropriate training programmes and facilities aimed at developing African skills to cope with the full range of industrial development activities, including the training of plant level operators, managers of enterprises and personnel engaged in project evaluation, investment promotion, the management of industrial development programmes, industrial research, standardization and technology, and the development of small-scale and rural industries;
- (iv) The financing of projects aimed at facilitating consultations and negotiations among African countries for the implementation of specific industrial projects;
- (v) The development of African export capabilities in manufacture;
- (vi) The building up of a coherent and co-ordinated national and multinational system of industrial development institutions;
- (vii) The provision of increased resources under the SIS programmes of assistance to cope with short-term emergency projects;
- (viii) The attainment of the transfer of net flow of resources set out in the United Nations International Development Strategy, namely: 1 per cent of GDP by the industrialized countries, in the shortest time possible, and to channel an increasing proportion of these resources to the industry sector;
- (ix) The creation and strengthening of the policy and institutional framework to enable the most effective and equitable utilization of external financial resources to speed up the pace of industrialization in Africa.

G. The least developed countries

The least developed countries present a set of problems which require special measures if the African region as a whole is to succeed in promoting rapid industrialization. Concerted action and special measures are necessary to mobilize a greater volume of resources from African regional financial institutions and the international community, to make possible the launching of innovative projects in these countries and the laying of a sound basis for the promotion of their industrialization through projects and measures such as:

- (i) The establishment of pilot plants based on the results of research and development in respect of the use of available resources;
- (ii) The creation of integrated productive units such as agricultural machinery, appropriate engineering industries and repair and maintenance services;

- (iii) The promotion of integrated rural development schemes involving the setting up of small-scale productive units;
- (iv) The establishment of free trade zones to encourage and expand exports of industrial projects based on the promotion of international subcontracting;
- (v) The financing of complete industrial estates;
- (vi) Measures aimed at the reduction of production costs of industrial enterprises.

H. International co-operation

Sustained and meaningful industrialization in Africa could only be advanced if the present state of total dependence of African countries on imported skills, technology and industrial intermediates is changed to a structure of interdependence based on principles of mutual interests and benefits. The following actions and objectives would need to be pursued by African countries as a group in respect of the strategy and design of international co-operation:

- (i) The modification in the policies and programmes of the industrialized countries necessary to facilitate the location in African countries of industries designed to serve export markets within an agreed framework of an international division of labour that could foster the mutual interests of both parties;
- (ii) The conclusion of negotiations aimed at evolving a comprehensive and equitable programme of co-operation in industry with other developing regions within the framework of the decisions reached and the guidelines set out by the Conference of Non-aligned Nations held in Algiers from 5 to 8 September 1973;
- (iii) The promotion of industrial co-operation between enterprises in the industrialized and African countries so that the latter could benefit from such schemes as product adaptation, international subcontracting, production and market sharing, joint engineering and designing and other forms of joint venture arrangements;
- (iv) The expansion of African exports of manufactures by securing the elimination and/or reduction of trade barriers and restrictive business practices maintained and practised in the industrialized countries, particularly on processed and semi-processed products manufactured from African raw materials;

- (v) The increased and co-ordinated carrying out of feasibility and engineering studies aimed at the earliest implementation of national, multinational and export industries;**
- (vi) The introduction of necessary measures and facilities aimed at attracting innovative investors in pioneer industries in Africa;**
- (vii) The generation of interest and stimulation of action in research and development activities in the industrialized countries aimed at adapting technological processes and productive units to the specific factor proportions and market sizes of African countries;**
- (viii) The promotion of the acceptance of the concept of an international division of labour by which African countries could proceed in creating specified industries which best conform to their specific requirements.**
- (ix) The creation of new forms of international co-operation based on concrete measures such as:**
 - (a) The greater dissemination and exchange of industrial information,**
 - (b) The creation of financial institutions and**
 - (c) The stimulation of co-operation in such areas as international subcontracting, product adaptation and sales agreements.**

Annex

FIRST MEETING OF THE FOLLOW-UP COMMITTEE ON INDUSTRIALIZATION IN AFRICA

Addis Ababa, 23 and 24 September 1974

*Updating of the Declaration "Industrialization in Africa" adopted in Cairo by the
Second Conference of African Ministers, in December 1973*

(Extract of the Report)

C. *Common African position in respect of the Second General Conference of UNIDO*

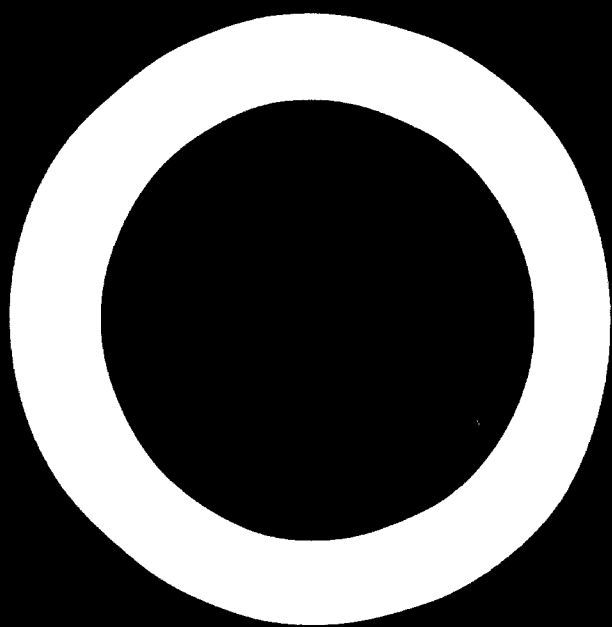
- (i) The contribution of Africa towards the formulation of a plan of action in the field of industrialization at the Lima Conference has been set out in the Cairo Declaration and endorsed by the OAU Heads of State and Government. In the light of more recent developments and of the mandate given to the Committee, certain additions and elaborations should be adopted by the African Group.
- (ii) A common set of principles and specific targets should be adopted by the African countries in formulating their position for the Lima Conference. These should be embodied in the conclusions of the meeting of the Group of 77 which will take place at Vienna in December 1974 and subsequently in the negotiations between developed and developing countries which are scheduled for January 1975 at Vienna and at the Lima Conference itself.
- (iii) The share of Africa in world industrial production stands at the infinitesimal figure of 0.5 per cent and has not changed during 15 years and more of African independence. A quantitative target should be set whereby this share could rise to, for example, over 2 per cent by the year 2000. ECA and UNIDO should amplify this target, spelling out its implications in a scheme for the industrial development of the African region during the next 25 years which should be submitted to the Nairobi Conference of African Ministers of Industry. In this scheme special attention should be paid to a more even distribution of industrial activity within Africa itself.
- (iv) The low share of African countries in world industrial output and the fact that they are the latest starters in industrialization indicate the need for special consideration to be given to them in the implementation of the United Nations resolutions on the establishment of a new international economic order adopted by the General Assembly at its sixth special session in May 1974.
- (v) As the only effective means of strengthening the position of the African countries within the new international division of labour, the international community should help to create a stronger base for industrialization in Africa including the manpower and machinery required for the implementation of industrial projects, appropriate industrial policies and programming and the co-ordination of the plans of neighbouring African countries in the field of industry.

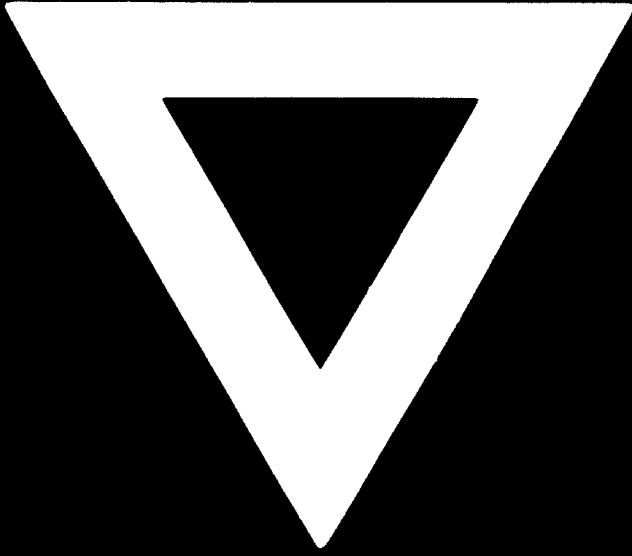
- (vi) Africa should support recommendations of the Lima Conference aimed at implementing the objectives and fulfilling the corresponding commitments that have already been made in support of the International Development Strategy for the Second United Nations Development Decade.
- (vii) At the same time, the African Group should support the concept of a new international division of labour and a corresponding programme of action going beyond those envisaged in the Strategy. Recent events have imposed the need for a new international economic relationship, specifically with regard to the utilization of raw materials and natural resources.
- (viii) Africa and the other developing regions should be in a position to gain easier access to the resources needed to secure a higher share of world industrial output. To achieve this, some quantitative limitations should be placed on the level of usage of non-renewable natural resources and the rate of increase therein in the more advanced countries. The calls that are still being made on these resources, both material and technological, for increasing military use is particularly unjustified.
- (ix) Africa must co-operate with the other regions working towards a new and more rational world order in order to harmonize the objectives of the different countries and regions. As part of the new pattern of industrial co-operation, a common search should be made for new technology aimed at increasing the supply and economizing on the use of raw materials and energy in place of the past tendencies to regard these resources as being cheap, available in unlimited quantities and to be exploited simply in response to the profit motive. The resources of the sea should be developed primarily to serve the interest of the majority of the world's population and should not be exploited indiscriminately for private benefit. The Governments of the world must subscribe to a more rational allocation of the world's resources based on the elemental needs of people rather than on the present distribution of purchasing power among them. Priority in research and development in industrial technology must be given to the consumption and other welfare requirements of the masses of people in all countries.
- (x) A new international economic order can be worked out only through a system of continuous consultations between the Governments and industrial interests in both developed and developing countries. It should be based on the principle that the industrialization of the developing countries, which will account for more than 80 per cent of the world's population by the end of the century, is in the interest of the developed countries themselves. Such a large majority of the world's population, if left at the present level of poverty, must constitute a brake on the whole world's capacity for industrialization and trade. It cannot therefore be in the interest of the developed countries that this poverty should continue and industrialization should be a prime vehicle for reducing mass poverty in the long run.
- (xi) African countries can no longer follow the policy of trying to meet their requirements for even the most basic manufactured products by way of the export of raw materials. Their national markets and their existing endowments of manpower and raw materials should enable each country to embark on the road towards industrialization with a view to satisfying a reasonable portion of its demand for manufactured goods. The processing of food, the provision of the requisites for agricultural modernization, the production of construction materials and household goods, clothing, shoes

and materials for culture and health offer opportunities that can be used by each developing country as a starting point for the development of a national industrial economy.

- (xii) International agencies should help to organize the processes of consultation and negotiation. They should define a common technical basis for the dialogue, assemble information on the respective plans and targets of member countries and help with the implementation of agreed decisions. It is their special responsibility to help to strengthen the position of the weaker partners in the programmes of industrial co-operation.
- (xiii) African countries should aim to participate increasingly in the international industrial economy as exporters and importers of manufactured goods. They would then represent better and no less lucrative markets for the present advanced countries while being assured of a more equitable share in the benefits of international economic co-operation.
- (xiv) An African Industrial Development Fund should be created to support the new role envisaged for Africa in world industry.
- (xv) There is a need to survey and locate new natural resources in the least developed countries so that they may participate effectively in and benefit from the establishment of a new international economic order.







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