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THE UNIDO SYSTEM OF WORLD-WIDE CONSULTATIONS IN
THE FIELD OF INDUSTRY AS IT AFFECTS THE AFRICAN REGION *

Report prepared by the UNIDO secretariat

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I. Introduction

The system of consultations in the field of industry, operated by UNIDO since 1976, has as its main objective to achieve through intensified international co-operation a target share of at least 25 per cent of total industrial output by the end of the present century for developing countries.

This consultation system is continuous in nature, and is intended to operate at the sectoral, global, regional and interregional levels. At present it is operational at the sectoral (iron and steel, leather and leather products, fertilizers, vegetable oils and fats, agricultural machinery, petrochemicals, pharmaceuticals, and capital goods industries) and global levels (training and industrial financing). Other levels are expected to be included progressively. Annex I contains the timetable for UNIDO consultation meetings to 1980.

The strategy employed is to organize continuing consultations on selected high-priority industries, attention being focussed primarily on "industries processing raw materials exported by developing countries or which consume vast quantities of energy" (Lima Declaration and Plan of Action, paragraph 61 (d)), in order to increase the value added in developing countries.

Before such intensified international co-operation can be realized, mutually advantageous broad agreements must be reached at the series of initially sectoral consultation meetings, spaced at intervals of 2 to 24 months, on an appreciable number of issues. These cover such sensitive areas as regular supplies of raw materials and fuels, equipment and spare parts, access to markets, sources and conditions of finance, contract and guarantee procedures, the redeployment from industrialized to developing countries of certain industrial capacities in appropriate circumstances and the creation of new industrial facilities in developing countries where applicable. In this context, the main obstacles in the way of industrial expansion in the developing countries are addressed and solutions proposed.

These consultations aim at a more equitable distribution of world industrial production. To this end they are designed to seek agreement on action at the national and international level. The exercise of the political will of individual countries to co-operate mutually will be required to achieve this objective.

II. Why all African countries should participate in consultation meetings

Active participation in the system can benefit the African countries.

1. Consultations among the African countries will help to identify which sectors offer opportunities for specialization, complementarity or joint projects.

2. Common positions to be adopted by the African countries in sectoral or global consultations can be worked out as also the priorities of different countries within the African group in terms of their resources, development plans and strategies.

3. In relation to the above the distribution of industrial growth as evenly as possible within the region can be examined so that the least developed would benefit from industrial development.

4. Consultations within the African group could lead to the group advising UNIDO on new sectoral consultations or directions in which the system of consultations might proceed. UNIDO would thus be in a position, where appropriate, to suggest arrangements for industrial co-operation among African countries and between them as a group and other developed and developing countries of another region.

5. The African group in their preparations for participation in Sectoral and Global consultations would consider the situation in relation to manpower needs and training, financial requirements for industrial investments, long term access to markets and collaboration with developed and developing countries regarding re-deployment of industries and the creation of new industrial capacity. The Group would formulate its position on these several aspects as well as the principles and guidelines on which the African countries would agree as the basis for collaboration agreements.

6. All countries can benefit from the consultations. This applies particularly to the least developed among them, whose basic requirements are greatest. At the consultations, they can explain their needs and meet representatives of industry who are in a position to invest and co-operate.

III. Implications for the African region

FERTILIZER INDUSTRY

The First Consultation Meeting on the Fertilizer Industry was held in Vienna from 17-21 January 1977. Thirteen African countries attended this meeting as follows: Algeria, Egypt, Ghana, Kenya, Liberia, Madagascar, Morocco, Nigeria, Senegal, Sierra Leone, Tanzania, Tunisia, Zaire.

As a follow-up to the First Consultation Meeting, a group of experts from developing countries considered opportunities for co-operation between developing countries at a meeting in Vienna from 8-10 February 1978. Participants from Algeria, Egypt, Nigeria, Senegal and Tunisia saw a need for UNIDO to sponsor jointly with OAU and ECA a meeting on the fertilizer industry for African countries. UNIDO and the OAU/STRC plan to convene such a meeting of the Inter-African Committee on Fertilizers in 1979. At this meeting, a number of specific opportunities to establish new fertilizer projects in Africa will be discussed.

..... A list of existing and planned fertilizer plants in 20 African countries is attached (Annex II).

At the Second Consultation Meeting on the Fertilizer Industry, Innsbruck, 6-10 November 1978, opportunities to establish facilities to manufacture or mix fertilizers in 18 least developed countries in Africa are being considered. By 20 October, the following countries had agreed to participate: Burundi, Egypt, Kenya, Morocco, Nigeria, S. Tomé and Príncipe, Sierra Leone, Tanzania, Zambia.

The above report shows that the consultation process is encouraging African countries to establish new fertilizer plants that are needed to make Africa more self-sufficient in the production of fertilizers.

Also at the Second Consultation Meeting it is expected that agreement will be reached on

- (a) The UNIDO Model Form of Cost Reimbursable Contract for the construction of a Fertilizer Plant.
- (b) A set of guidelines which will clearly demarcate responsibility for establishing and financing the infrastructure required for the production and distribution of fertilizers.

Such agreement will facilitate the establishment of new plants in Africa.

IRON AND STEEL INDUSTRY

In the First Consultation Meeting on the Iron and Steel Industry (Vienna, 7-11 February 1977), the representatives of 11 African countries participated (Algeria, Egypt, Libya, Madagascar, Morocco, Nigeria, Sierra Leone, Tunisia, Uganda, Tanzania, Zair) and 4 organizations dealing with the African problems (Economic Commission for Africa, Arab Iron and Steel Union, Industrial Development Centre for Arab States, and the Organization for the Development of the Senegal River). Their participation has been reflected in deliberations concerning in particular iron ore development, and specific needs and problems of countries which are newcomers to the steel industry, and small-scale steel producers. African countries were also represented at the working group meetings on Iron Ore (Algeria, Egypt), coking coal (Algeria), and at the expert group meetings on training problems (Nigeria) which took place in 1978 in preparation for the Second Consultation Meeting in this sector. At these meetings, the problem of regional cooperation in Africa in the exploitation of iron ore resources and the training of managerial and technical staff were among subjects discussed.

In 1977-78, eleven African countries (Burundi, Ethiopia, Kenya, Lesotho, Mali, Somalia, Senegal, Zaire, Egypt, Libya, Morocco), in replies to a questionnaire, outlined their plans for the future and problems encountered in their activities. The Secretariat of UNIDO bearing in mind the needs and problems of smaller African countries such as small domestic markets and shortage of investment funds has analysed pertinent economic and technological factors such as the problem of suitable technological routes such as mini-plants and direct reduction process.

On the basis of the work done in 1977-78 at the Second Consultation Meeting in January in 1979 in New Delhi, specific action-oriented proposals directed towards the solving of some problems of African countries involved in iron ore mining and steel production or facing the need to start in this field will be examined.

LEATHER AND LEATHER PRODUCTS/AND
VEGETABLE OILS AND FATS INDUSTRIES

The Consultation Meeting on the Leather and Leather Products Industry (held in Innsbruck from 7-11 November 1977) and on Vegetable Oils and Fats (held in Madrid from 12-16 December 1977), were both preceded by preparatory regional meetings for the African region in Addis Ababa which attempted to identify those general constraints hindering the development of the sector in the region and to recommend measures for their removal through national, regional or international action.

During the discussions and the formulation and follow-up action at the two consultation meetings, Government participants from Africa did not adopt a common African position.

Out of a total participation of 52 countries in the Leather Consultation, the African region was represented by 12 countries most of them producers of leather or leather products; Chad, Somalia and the Sudan - in particular - participated actively in the discussions and made an effective contribution to the adoption of the recommendations. For the Vegetable Oils and Fats Consultation, a total of 51 countries attended, out of which 13 represented the African region; representatives from Algeria, Ghana, and Tanzania made helpful contributions to the discussions.

In follow-up action to both Consultations, special attention is being paid to the needs of the least developed countries of Africa.

PETROCHEMICAL INDUSTRY

The First Consultation Meeting on the Petrochemical Industry will be convened by UNIDO in Mexico from 12-16 February 1979.

As a first step in making preparations, Panels of Industrial Experts on the Petrochemical Industry were convened in Vienna in June 1977 and February 1978. Participants from Algeria and Egypt attended these meetings.

A Regional Preparatory Meeting for Arab States was convened in Doha, Qatar 21-24 October 1978. Algeria, Egypt and Tunisia were represented.

The next step will be the holding of a Global Preparatory Meeting in Vienna 27-29 November 1978. Algeria, Egypt and Nigeria are included in the list of 15 developed and developing countries invited to nominate a participant. The meeting will select issues for consultation from those recommended by the Panels such as

- (a) Export markets for petrochemicals produced in developing countries.
- (b) Cooperation amongst developing countries.
- (c) International cooperation in financing petrochemical plants.
- (d) Technology transfer.

AGRICULTURAL MACHINERY

A Preparatory Meeting (Vienna, 5-9 March 1979) and the First Consultation Meeting on Agricultural Machinery Industry (Turin, Italy, June/July 1979) are planned. Government experts will be invited from Cameroon, Kenya, Nigeria, Sudan and Tanzania.

The material to be presented to the Consultation Meeting will be examined and it is expected that the participation of African experts will permit the incorporation of African examples and experience into the basic background material.

Because of the importance of agricultural activities to African countries, their active participation at the Consultation Meeting is desirable. The countries from this region can benefit greatly through the Consultation Meeting as they will have an opportunity to share their experiences with other countries from different regions with similar problems and conditions and thus with possible similar solutions. African position and views in regard to this sector can be brought, through their participation, to world-wide attention.

PHARMACEUTICAL INDUSTRY

UNIDO has been authorized to make preparations for consultations on the pharmaceutical industry. For this purpose, two Panels of Industrial Experts on the Pharmaceutical Industry were convened by UNIDO in Vienna in June 1977 and February 1978. Participants from Egypt, Ghana and Tunisia attended these meetings.

As a next step, UNIDO will convene an Inter-regional Meeting on the Pharmaceutical Industry in Cairo, Egypt, in January 1979. About 40 representatives (including 10 from African countries) will be invited to consider the need for each developing country

- (a) to establish a national list of drugs concentrating on the most essential drugs
- (b) to arrange central procurement of imported or locally manufactured drugs
- (c) to select drugs most suitable for local formulation and subsequently basic manufacture
- (d) to register and control the purchase of technology
- (e) to consider the advantages of establishing multipurpose plants.

OTHER

Preparations are also under way for the consultation meetings suggested on Food-Processing Industries, Capital Goods and Trade and Trade-Related Aspects of Industrial Collaboration.

GLOBAL CONSULTATIONS

INDUSTRIAL FINANCING

At its 12th Session, the Industrial Development Board authorized UNIDO to pursue its work on this subject in order to ascertain whether the convening of a global consultation meeting is appropriate. A Task Force on Industrial Financing has been set up within UNIDO:

- (i) to gather all necessary information from financial institutions regarding their activities in financing industrial development in developing countries,
- (ii) to supplement information on issues focussing on:
 - the financial resources required to achieve the Lima target;
 - multilateral and bilateral sources of loan finance;
 - access to capital markets;
 - private direct foreign investment;
 - specific problems of countries which are relatively poor in natural resources,
- (iii) to convene an Expert Group Meeting on Industrial Financing to examine the above-mentioned issues.

It would be particularly useful and desirable to obtain information from African countries, their views and opinions on these issues, and in particular from those countries which are poor in natural resources. Several representatives of African countries have been invited to the December meeting. An aide-mémoire on the main issues in Industrial Financing may be obtained from UNIDO.

A report is to be submitted to the Industrial Development Board at its 13th Session in 1979; it will then decide whether to authorize UNIDO to convene a global consultation meeting on Industrial Financing.

TRAINING OF INDUSTRIAL MANPOWER

As decided by the Industrial Development Board at its 12th Session, an Inter-Secretariat Working Group (UNIDO/ILO/UNESCO) is being set up to consider:

- (i) the needs in terms of industrial manpower training until the year 2000 by developing countries in selected sectors already covered by consultation meetings;
- (ii) the availability and suitability of training facilities in developed and developing countries to meet those needs;
- (iii) industrial cooperation arrangements at the enterprise and government levels and their contribution towards maximising the use of industrial training facilities;
- (iv) the costs of industrial training, particularly in terms of foreign exchange.

The Inter-Secretariat Working Group will meet at the end of November 1978; it will be difficult—given the short time available—to prepare an in-depth study of training problems as viewed by each region of the world. However, should the Industrial Development Board in 1979 authorize the convening of a global consultation meeting on this subject, UNIDO will undertake such an in-depth study in collaboration with representatives from Africa and other parts of the world.

IV. Concluding observations

Previous meetings of the Follow-up Committee on Industrialization in Africa have emphasized the significance of the system of industrial consultations as a vehicle for stimulating and developing new forms of international collaboration to enable developing countries to achieve the Lima targets. African countries were urged to participate actively and to harmonize their position for future meetings in accordance with common decisions reached and agreed upon by the Follow-up Committee.

To encourage more active involvement of African countries, the following approaches may be explored:

- (i) Because of the unfamiliarity with the principles and aims of the system in general and the sectoral consultations in particular, a one-day briefing session could be held prior to the official opening of each meeting for participants from Africa (and other regions as well);
- (ii) To encourage a more direct involvement of African countries in all stages of the consultation process (i.e. preparatory meetings, expert working groups, follow-up expert panels, etc.), and to ensure that their position and requirements are adequately reflected and embodied in decisions reached, it is suggested that periodic exploratory visits be undertaken to African countries by SIDFA's, and UNIDO field personnel (project managers, individual experts). They would ensure that up-dated information on the system of consultations and its future developments are available to the decision-making establishment in the Government;
- (iii) A booklet (same format as the Lima Declaration) describing in simple, concise language the objectives of the system of consultations, its modus operandi, and its future implications for developing countries is presently under preparation by the UNIDO Secretariat and will be distributed to all Ministries of Industry of the African countries, as soon as completed.

In conclusion, some encouraging results have already been seen. These will multiply with the active participation of all, and African countries in particular, could contribute suggestions based on their specific needs in particular sectors.

Any suggestions for improvement of the system will be welcomed by the UNIDO Secretariat.

TIMETABLE OF CONSULTATIONS TO 1980

Sector	Date and Venue of 1st Consultation Meeting	Date and Venue of 2nd Consultation Meeting
<u>Fertilizers</u>	January 1977 Vienna, Austria	6-10 November 1978 Innsbruck, Austria
<u>Iron and Steel</u>	February 1977 Vienna, Austria	15-19 January 1979 New Delhi, India
<u>Leather</u>	November 1977 Innsbruck, Austria	Late 1979 ^{1/}
<u>Vegetable Oils and Fats</u>	December 1977 Madrid, Spain	Early 1980
<u>Petrochemicals</u>	12-16 February 1979 Mexico City, Mexico	
<u>Agricultural Machinery</u>	June/July or Sept./Oct. 1979 ^{2/} Turin, Italy	
<u>Food Processing</u>	Early 1980 ^{3/}	
<u>Pharmaceuticals</u> ^{4/}	Mid 1980 ^{5/}	
<u>Capital Goods</u>	Third quarter 1980 ^{5/}	
<u>Training of Industrial Manpower</u>	Expected late 1979	IIB to decide on which of these 2 subjects 1st consultations will be held at an appropriate time
<u>Industrial Financing</u>	Expected late 1979	
<u>Trade and Trade-Related Aspects of Industrial Collaboration (Joint UNCTAD/UNIDO Activity)</u>	September 1979 ^{6/}	

- 1/ Subject to the necessary preparations being completed in due time.
- 2/ Dates still being negotiated with host country.
- 3/ The 12th session of the IIB indicated priority to this sector for 1980.
- 4/ Inter-regional Meeting to be held in Cairo, 22-27 January 1979.
- 5/ Dates still under negotiation; subject to a decision by the 13th session of the IIB.
- 6/ Subject to the approval of the Permanent Committee in December 1978.

CAPACITIES OF PHOSPHORIC ACID PLANTS IN AFRICA

<u>COUNTRY/COMPANY/LOCATION</u>	<u>ANNUAL PRODUCTION CAPACITY METRIC TONS P2O5</u>	<u>DATE PRODUCTION STARTED</u>	<u>WILL START</u>
<u>ALGERIA</u>			
Sonatrach, Annaba-Bone	165,000 165,000	1972	1979
<u>EGYPT</u>			
Abu Zaabel Chem. Co., Abu Zaabel	60,000		1980
<u>MOROCCO</u>			
Maroc Chimie, SAFI	156,000 165,000	1965 1977	
Maroc Phosphate, SAFI	165,000 165,000 165,000 165,000 165,000 165,000	1975 1975 1977	1979 1979 1979
<u>SENEGAL</u>			
Société Industrielle d'Engrais au Senegal - N°BAC-SIES	23,000 132,000	1970	No information
<u>TANZANIA</u>			
Tanzania Fertilizer Co., Tanga	35,000	1972	
<u>TOGO</u>			
Société Togolaise D'Engrais-LONE	165,000		No information
<u>TUNISIA</u>			
Ind. Chimiques Maghrebines	102,000	1972	
Gabes-La Skhirra	132,000	1974	1979
Gabes-La Skhirra	300,000		
MPK Engrais SAT.-SFAX	112,000	1952	
Société Ind. D'ACIIE Phosphorique, SFAX	73,000	1965	

SOURCE: UNIDO estimates

ANNEX II

CAPACITIES OF AMMONIA PLANTS IN AFRICA

<u>COUNTRY/COMPANY/LOCATION</u>	<u>ANNUAL PRODUCTION CAPACITY METRIC TONS OF NUTRIENT</u>	<u>DATE PRODUCTION STARTED</u>	<u>WILL START</u>
<u>ALGERIA</u>			
Sonatrach, Arsew I	272,000 N	1970	
Sonatrach, Arsew II	272,000 N		1979
Sonatrach, Annaba	272,000 N		1979
<u>EGYPT</u>			
Kima, Assuan	122,000 N	1961	
El Nasr D°Engrais Chi., Attaka-Suez	61,000 N	1952	
El Nasr D°Engrais Chi., (Sesadco) Talkha I	98,000 N	1975	
El Nasr D°Engrais Chi., Helwan	46,000 N	1971	
El Nasr D°Engrais Chi., Talkha IV	326,000 N		1979
Aboukir Fert. Co., Aboukir	272,000 N		1979
<u>KENYA</u>			
Ken-Ren Chem. Fert. Co., Mombasa	54,000 N		1980
<u>LIBYA</u>			
National Oil Corporation, Marsa el Brega	272,000 N		1978
<u>SENEGAL</u>			
Fertisen, M°Bao, Dakar	27,000 N	1978	
<u>ZAMBIA</u>			
Nitrogen Chemicals Zam. Kafue	25,000 N	1970	
Nitrogen Chemicals Zam. Kafue	57,000 N	1977	

SOURCE: UNIDO estimates

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