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THE THIRD GENERAL CONFERENCE OF UNIDO:

INDUSTRIALIZATION ISSUES AND OPTIONS IN AFRICA *

Note by the UNIDO Secretariat

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The Third General Conference of UNIDO :

Industrialization Issues and Options in Africa

I. INTRODUCTION

1. Africa's share in world production of manufactures remained little changed in 1978 at less than 0.9 per cent of the total (in 1975 prices). The recent rate of growth in manufacturing value added (MVA) has been about the same as the average during 1970 - 1977 for Africa, just over 6 per cent. Although reasonable when internal problems of some countries and recent trends in world economic conditions are considered, this rate is, nevertheless, well below the 8 per cent target set in the International Development Strategy and even less satisfactory when the requirements for achieving the regional contribution to the Lima target are considered.

2. Further, this average reflects wide differences in growth of MVA among the African countries. In Central and East Africa, MVA grew at only 3.4 and 3.9 per cent respectively, during 1970 - 1977, whereas in West and North Africa, MVA growth averaged 7.8 and 6.6 per cent respectively. MVA in African countries with 1970 per capita incomes of less than \$100 grew at only 3.9 per cent annually during 1970-1977, compared to 8.7 per cent for countries with 1970 per capita incomes over \$300. Employment in manufacturing has grown more slowly than MVA as a result of industry's becoming more capital-intensive and oriented toward heavy industries. Higher rates of growth in MVA and industrial employment will require both greater investment and changes in composition of output and technology.

3. Africa's trade in manufactures continues to be characterized by a large and increasing imbalance of imports over exports. Export of non-ferrous metal products, which constitute a large proportion of African manufactures exports, has suffered a considerable decline largely due to unfavourable conditions in the major African exporting countries. Many new manufactured goods, such as engineering products, are beginning to be exported, but their share in total export of manufactures is still small.

4. Dependence on imports of oil and of foodstuffs to meet domestic requirements due to slow growth of agricultural production and rapid growth in population increased the external debt and accentuated inflationary pressures in the majority of countries. This prolonged and lagging output of agriculture is severely impeding the economic and social progress of many developing countries, especially those at the lower end of the income scale. For these countries, rapid agricultural expansion is essential because, in addition to food supplies, it generates raw materials for the small-scale industry sector which creates employment, improves income distribution and contains inflationary pressures by increasing exports.

5. Africa faces serious problems for achieving industrialization objectives because of the wide-spread shortage of industrial manpower, capital and technology. Consequently, efforts would need to be intensified not only to expand markets for industrial products through co-operation but also in developing the skills required to raise abilities for investment and to effectively mobilize and channel financial resources to industry.

6. These and related issues have been subjects of intensive discussions in Africa, particularly under the auspices of the biennial Conferences of African Ministers of Industry and also as part of the preparations for the third international development strategy. Issues on industrialization will be reviewed at the Third General Conference of UNIDO, which is to be held in New Delhi between 21 January and 8 February 1980, in light of experiences gained in the implementation of the Lima Declaration and in light of new developments in international economic relationships. As industry plays a central role in the restructuring of the world economy and bringing about a new international economic order, the deliberations of UNIDO III would no doubt constitute an important milestone in the efforts of the international community to promote an equitable economic order.

7. The purpose of this Note is to review the basic concerns of African countries expressed at various regional and international fora and thus to set out the emergent common African position on UNIDO III for examination by the Fifth Conference of African

Ministers of Industry in carrying out the responsibility entrusted to it for elaborating the African position on UNIDO III. Thus the Note considers the objectives of UNIDO III in Section II; reviews progress made in the implementation of the Lima Declaration in Section III; analyses the decisions so far taken by African countries in Section IV; and puts forward elements of a common African position on UNIDO III in Section V.

II. THE THIRD GENERAL CONFERENCE OF UNIDO : OBJECTIVES

8. Pursuant to General Assembly Resolutions 3201 (5-VI) and 3202 (5-VI) at its Sixth and Seventh Special Session, the latter half of the 1970's has been remarkable for the intensification of international discussions directed to bringing about a New International Economic Order which would recognize as its basic tenets the principles of equity and mutuality of interest in the conduct of international economic relations. In the field of industry, the Second General Conference of UNIDO held at Lima, Peru, in March 1975, adopted the Lima Declaration and Plan of Action on Industrial Development and Co-operation which was endorsed by the General Assembly (Resolution 3362 (5-VII) at its Seventh Session. Thus for the first time in the course of public discussion in industrial development policy, consensus was reached on the need to restructure world industrial productive facilities to redress present imbalances and to unleash new forces of modernization and productive employment in the developing countries through industrialization.

9. The unique features of the Lima Declaration were that (a) it constituted a clear departure from hitherto accepted notions of the development process in that it rejected the submission to market forces for the allocation of resources and called for purposive planning and concerted action for achieving accelerated industrialization; (b) placed industrialization as a primary and potent force for instituting a New International Economic Order and thereby fostering a more equitable sharing of world income; (c) presented an internally consistent and globally coherent strategy frame for policy formation and international

co-operation; (d) established a quantitative target for restructuring world industrial production whereby the share of the developing countries would be raised to 25% by the year 2000; and (e) outlined the broad policy instruments, programmes, institutional set-ups and technical assistance resources required to achieve the Lima targets.

10. These precepts have, in the ensuing period, motivated governments individually and collectively to intensify their efforts aimed at restructuring world industrial production. They have also gone a long way to influencing the nature and scope of public discussions on development policy in general and industrialization in particular. In concrete terms there has been a perceptible shift in the composition of output in favour of the developing countries in that their share of world industrial production rose from 7.9 per cent in 1973 to 9 per cent in 1978¹. This has admittedly been a modest rise compared to the notion of quantum jumps implicit in the Lima Declaration. But it was achieved at a time when the world's economy continued to undergo basic disequilibria and persistent crises. It was also achieved during a period when the instruments and mechanisms for achieving the Lima targets were still largely in their conceptual and embryonic stages.

11. What was no less significant than the quantitative changes was the growing world-wide recognition of the determination of the developing countries to effect fundamental changes in international economic relationships and to achieve the Lima objectives². The concerns of the international community are, today, no further what it is that they want to achieve but rather how to achieve it. And it is indeed the latter question which is expected to seize the attention of the Third General Conference of UNIDO pursuant to the recommendation of the Lima Declaration and the directives of the General Assembly contained in Resolution 31/164 of May 1977.

12. The Industrial Development Board in pursuance of this Resolution having assumed the responsibility for preparatory work for UNIDO III, has since then devoted its subsequent sessions aimed at elaborating the modalities of the preparatory process and

¹ See World Industry since 1960 : Progress and Prospects, UN, New York, 1979.

² See Section IV of this Note for a summary of the views expressed by African Countries.

to drawing up the Draft Provisional Agenda for the Conference. In doing so, its deliberations focussed on the progress made in implementing the Lima Declaration; and the changing patterns and problems of world industrialization, which fundamentally influence the prospects of accelerated industrialization in the developing countries. These considerations led it to formulate a Draft Provisional Agenda for UNIDO III which was adopted by the 33rd Session of the General Assembly in its Resolution 33/77 of December 1978. (Annex I).

13. The provisional agenda provides for an analytical review of progress in the implementation of the Lima Declaration on the basis of which the formulation of further strategies, policies and instruments for achieving the Lima target could be undertaken. Therefore, it is envisaged that the Conference will come to grips with the issues that have preoccupied planners and policy makers in their attempts to translate the precepts of the Lima Declaration into practical action.

14. Foremost among these issues are firstly the development and strengthening of mechanisms and instruments for enabling the developing countries achieve greater individual and collective self-reliance in industrial skills and technology and enhancing their capabilities for mobilizing technical and financial resources to achieve national and regional industrialization objectives.

15. Secondly, since the attainment of the Lima target is crucially determined by progress made in industrial co-operation, a primary concern of UNIDO III is the development and strengthening of instruments for fostering effective co-operation among developing countries on the one hand and international co-operation on the other. Lack of tangible progress in these areas has been one of the most serious causes constraining the achievement of the Lima target. In regard to regional co-operation and co-operation among developing countries, there is need to translate into practical action the will for co-operation; and in regard to international co-operation new forms and modalities reflecting the global mutuality of interest would need to be evolved and pursued single-mindedly, particularly in the areas of technological development, redeployment facilities, foreign investment and the system of international industrial consultations.

16. Thirdly, the provisional agenda provides for an examination of institutional arrangements for effective follow-up of co-ordinated action within the UN system in respect of international industrial co-operation. In pursuance of the Lima Declaration, negotiations which took place under the auspices of the General Assembly resulted on 8 April 1979 to a decision by the UN Conference of Plenipotentiaries to the conversion of UNIDO into a specialized agency. There would thus be need to define the expanded role of UNIDO in the perspective of the evolving needs of the developing countries in the 1980's and beyond.

17. Pursuant to the decision of the Industrial Development Board ³ to involve the regions closely with preparatory work for UNIDO III, UNIDO has taken initiatives to convey the above concerns to the regions and to present the feedbacks thereof to the Board. The preparatory process has consequently benefited from the monitoring of the individual and collective views of the regions concerning industrialization. The former was mainly conveyed through the monitoring exercise ⁴ and the latter through the formal decisions taken at regional conferences ⁵. As a result, there is at this point of time a better overall awareness of the basic concerns and aspirations of the regions in respect of UNIDO III.

18. This Note deals with the position regarding the preparatory process for UNIDO III and the emergent issues as they relate to UNIDO III in the African region.

III. AFRICA AND THE LIMA DECLARATION

19. It should first be recalled at the outset that the African region was the first to put forward the recommendation for establishing the quantitative target of 2% as the share of the region in world industrial production to be achieved by the

³ Report of the Industrial Development Board on the Work of its Twelfth Session, Vienna 16 - 27 May 1978.

⁴ Implementation of the Lima Declaration and Plan of Action - The Country Situation and Contribution of International Organizations (ID/CONF.4/4).

⁵ See Section III of this Note in relation to the African region.

year 2000 ^{∟6}. This notion progressively gained general acceptance and was formalized as the 25% target of the share of the developing countries in world industrial production by the year 2000 in the Lima Declaration ^{∟7}.

20. Secondly, it was also the African region which soon after the adoption of the Lima Declaration first set out a comprehensive programme of action for the implementation of the Lima Declaration. The Third Conference of African Ministers of Industry, which met at Nairobi in December 1975 drew-up an "Agreed Conclusion" which presented a programme of regional action to respond to the challenge of Lima. The same Conference entrusted the Follow-up Committee on Industrialization in Africa to keep under constant review progress in the African region of the implementation of the Lima Declaration.

21. As a result, efforts were directed to launching selected regional programmes and institutions designed to foster collective self-reliance in Africa. Thus a Regional Centre for Technology Transfer was established and preparations for the establishment of an African Industrial Development Fund; a Regional Centre for Industrial Design and Construction; and an African Centre for Consulting Engineering and Management have now reached an advanced stage. Sectoral programmes for the development of the building materials, chemicals and engineering and metal industries were initiated aimed at identifying and implementing viable industrial projects ^{∟8}.

22. Progress in multinational industrial co-operation, however has fallen far short of expectations. The main cause for this would appear to be the difficulties encountered by Governments in sorting out the complexities of launching extra-territorial

^{∟6} See Report of the Second Meeting of the Follow-up Committee on Industrialization in Africa.

^{∟7} Paragraph 28 of the Lima Declaration and Plan of Action on Industrial Development and Co-operation, Lima, Peru, 12 - 26 March 1975.

^{∟8} See Report of the Fourth Meeting of the Follow-up Committee on Industrialization in Africa, Addis Ababa, November 1978.

industrial facilities particularly regarding the sharing of benefits in multinational schemes. There is no dearth of institutional machinery in Africa for promoting economic co-operation. While tangible progress has been made by existing economic groups in the areas of transport, communications and development of skills, creation of joint industrial enterprises proved much more difficult and illusive. The location issue in such schemes would need to be resolved. Those countries willing to promote specific joint industrial projects need to be actively assisted in sorting out specific economic and technical problems. It was for these reasons that UNIDO has intensified its technical co-operation with economic groupings in Africa such as the Mano River Union, UDEAC, ECOWAS and OCAM among others.

23. While the building-up of the institutions at the regional level promotes the habit of co-operation, it nonetheless remains true that it is the actual establishment of multinational industries that would determine the achievement of the goals of African self-reliance and accelerated industrialization.

24. Disenchantment with the import-substitution strategies pursued by African countries in the sixties and seventies combined with lack of progress to expand its ambit to the multinational area have led recent strategies to lay stress on a self-sustaining and independent form of industrialization ⁹. What needs, however, to be stressed is that the objective should not be to pursue an autarchic development policy but to internally structure industry in such a way that it contributes optimally to resolving the urgent and basic needs of the developing countries ¹⁰. Viewed in this way, no dichotomy between an internally generated strategy of industrialization and the notion of accelerated industrialization which was explicitly recommended by the Lima Declaration.

⁹ See, for example, the Basic Document (ECA/INR/SYMP.WP 1) submitted by ECA to the Regional Symposium on Industrial Policies and Strategies for Internally Self-sustaining Development and Diversification and Collective Self-reliance during the period 1978 - 2000. Nairobi, Kenya, 11-18 Sept. 1979.

¹⁰ For a more comprehensive presentation of alternative strategies see the Joint Study on International Industrial Co-operation, September 1979, prepared by UNIDO in pursuance of GA Resolution 3362(S-VII).

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IV. SYNTHESIS OF AFRICAN POSITION TAKEN TO DATE ON INDUSTRIALIZATION
IN RELATION TO UNIDO III

25. The African fora which have dealt with decisions regarding preparations for UNIDO III in particular and industrialization in general since the adoption of General Assembly Resolution 31/164 calling for the convening of the Conference have included the following :

- The Meetings of the OAU Heads of States and Governments (Gabon, 1977; Khartoum, 1978; and Monrovia, 1979)
- The ECA Conference of Ministers (Kinshasa, 1977 and Rabat, 1979)
- The Fourth Conference of African Ministers of Industry (Kaduna, 1977)
- The Follow-up Committee on Industrialization in Africa (Kaduna, 1977 and Addis Ababa, 1978)

26. The list of resolutions adopted by these bodies are attached herewith for ease of reference. Herebelow an attempt is made to highlight and synthesize the positions taken by African countries at different times, in different fora, on preparations for UNIDO III and on the basic issues confronting African industrialization with a view to identifying the main elements of a common African position on UNIDO III.

(a) Preparations for UNIDO III

27. At the outset it should be noted that the ECA and OAU Conferences held subsequent to the decision taken to convene UNIDO III have repeatedly noted the importance of UNIDO III and underlined the need for undertaking adequate preparations for it at the national and regional levels. Thus the resolutions adopted by the Fourth and Fifth Meetings of the ECA Conference of Ministers and those adopted by the Council of Ministers of the OAU at their 29th and 33rd Ordinary Sessions on preparations for UNIDO III had provided :

- (i) broad guidelines for preparatory work;
- (ii) assigned the 4th and 5th Conference of African Ministers of Industry the task for evaluating a common African position on UNIDO III; and
- (iii) urged member states to participate fully in the preparatory meetings at the regional and inter-regional levels as well as at the Conference itself.

28. In doing so, almost all the resolutions adopted at these fora have reinstated the commitment of African countries to the Lima Declaration and their determination to pursue measures to implement it. To be sure, a comprehensive plan of action was elaborated soon after the adoption of the Declaration which is contained in the "Agreed Conclusions" of the Third Conference of African Ministers of Industry, held at Nairobi in December 1975.

29. This Conference had reaffirmed its commitment to the Lima Declaration, elaborated recommendations on measures to be pursued by governments individually and collectively to achieve the goals and principles of the Lima Declaration and expanded the roles of the biennial Conference of African Ministers of Industry and of its subsidiary organ, the Follow-up Committee on Industrialization in Africa in order to strengthen Africa's ability for regional and international consultations aimed at the implementation of the Lima Declaration. Thus the scrutiny of progress in the implementation of the Lima Declaration had featured regularly at the subsequent meetings of these bodies.

(b) Strategies and Policies for Industrialization and Instruments of Action

30. The resolutions and recommendations which have made pronouncements on strategies, policies and instruments for industrialization include, inter-alia : Resolution 319 (XIII) and Resolution 23 (XIV) of the ECA Conference of Ministers; the "Agreed Conclusions" of the 3rd Conference of African Ministers of Industry; the Recommendations for organizing a Regional Symposium on Strategies and Policies for Industrialization adopted by the Fourth Conference of African Ministers of Industry; and lastly the Declaration on Development Strategy for the Third Development Decade adopted by the OAU Heads of States and Governments at Monrovia in July 1979.

31. The main elements of strategies and policies which have emerged from the decisions taken by the above include :

(i) the commitment of African countries to promote accelerated industrialization and to raise Africa's share of world industrial production to 2 per cent by the year 2000 in accordance with the recommendations of the Lima Declaration;

(ii) the fostering of African collective self-reliance and the strengthening of South/South co-operation as instruments for achieving national industrialization objectives;

(iii) the re-orientation of strategies and policies that ensure the optimal contribution of industry to objectives of equitable distribution of incomes, eradication of poverty and satisfaction of the basic needs of the masses of African populations;

(iv) the design and implementation of policies that would ensure greater control and influence over production and distribution;

(v) the need to design and implement policies which emphasize the use of resources and capabilities available in the region with a view to fostering a self-sustained process of industries based on the close integration of industry with agriculture, infrastructural and rural development and other sectors through deliberate programmes and development of agro- and forest-based industries, small-scale industries and integrated rural industries;

(vi) the development on a priority basis of the chemicals, metals, engineering and building materials industries and industries providing inputs to the services sectors;

(vii) the liberalization of intra-African trade in manufactures and semi-manufactures through pooling of resources and mutual support in achieving greater domestic processing of natural resources and ensuring complementarity in industrial raw-material and intermediate inputs;

(viii) the promotion of vertically integrated development of natural resources so as to effectively benefit from higher domestic value added of local processing before export and thus ensure increased foreign exchange receipts required to maintain the pace for further industrialization;

(ix) the mobilisation of domestic and external financial resources commensurate with the rate and magnitude of industrialization envisaged by the Lima Declaration and to that end to design and implement policies for increasing the rate of savings and for increasing the flow of external resources to industry;

(x) the harmonization of policies on investment policies and the pursuance of measures calculated to maximise the advantages of foreign investment in general and the transnational corporations in particular in terms of employment opportunities, investment finance, development of managerial and technical skills and the integrated development of industry, agriculture and the rural sector;

(xi) the accordance of the highest priority to the development of technological and industrial manpower to develop the requisite capabilities at the workshop level, as well as at the level of business institutions and in project design, planning, installation and management;

(xii) the development and strengthening of institutions for industrialization to foster national and collective self-reliance in industrial research and technology, manpower development, industrial finance and banking, domestic and international marketing of industrial products, investment promotion and administration of export and investment schemes and development of rural and small-scale industries;

(xiii) the pursuing of policies of industrial co-operation which will facilitate production and trade in basic and strategic industries in the region; and among the regions in the framework of arrangements for TCDC and ECDC;

(xiv) the structuring of international economic relations in such a way as to ensure that these supplement Africa's own efforts at the national, multinational and regional levels in the pursuit of pre-defined objectives and targets in regard to industrial technology and skills, industrial finance, investment and export promotion schemes, effective control of direct foreign investment, redeployment policies and international consultations, international trade in manufactures, reducing the debt burden and promoting a more equitable order of international financial and monetary co-operation;

(xv) considering that Africa is the least developed of the regions, to declare the period 1980-1989 as the African Industrial Development Decade for the purpose of focussing greater attention and evoking greater political commitment and financial and technical support at the national, regional and international levels of the industrialization of Africa.

(c) Institutional Arrangements for UNIDO

32. A number of the resolutions referred to under paragraph 22, as well as resolutions 5(IV), 6(IV) and 7(IV) of the Kaduna Conference and resolutions CM/Res.660(XXXI), CM/Res.674(XXI), CM/Res 666 (XXXI) and CM/Cttee.B/Res.2 (XXXIII) of the OAU have borne on the technical and other activities of UNIDO and made recommendations aimed at strengthening its institutional arrangements. Specifically they have, inter-alia, drawn attention to:

(i) the need to strengthen UNIDO's activities in the area of the transfer, adaptation and development of industrial technology in order to improve the situation in the development of technological capabilities in Africa by fostering the establishment of a system for the exchange of information to African countries on the costs and conditions of technology transfer, under the auspices of the Industrial and Technological Information Bank; assisting African countries in the formulation of long-term national plans and policies for the development of technology; and promoting the establishment of a suitable world-wide mechanism through which new channels and patterns for technology transfer to the developing countries could be made available;

(ii) the institutionalizing of the system of international industrial consultations by setting-up permanent machinery at the global and regional levels to tackle effectively and on a continuing basis the planning and programming of the development of specific industrial branches at national, regional and global levels and the promotion of appropriate policies for the redeployment, financing and transfer of technology of the basic industry sectors cited in the Lima Declaration;

(iii) the promotion of an industrial sector which has effective and mutually-supportive with other sectors notably agriculture, mining, transport and communications and energy;

(iv) the need to convert UNIDO into a specialized agency within the shortest time possible by expediting the signing and ratification of the constitution adopted by the Meeting of Plenipotentiaries on 8 April 1979, in pursuance of General Assembly Resolution 33/101 so as to enable UNIDO render expanded services to the developing countries in response to their varied and urgent needs for technical co-operation;

(v) the provision of increased resources to UNIDO through greater mobilization of UNIDF and from UNDP to enable it carry out effectively

its expanded mandates, to strengthen its programmes of assistance to the least-developed countries, to promote co-operation among developing countries and to expand its SIDFA programme so that it would be an effective instrument of action at the national and regional levels.

V. ELEMENTS OF A COMMON AFRICAN POSITION ON UNIDO III

33. The synthesis above of collective decisions made by African countries on industrialization issues and preparation for UNIDO III provides a fairly good basis for articulating an African position on the issues of UNIDO III. In addition and in particular with regard to the issue of international co-operation, the Joint Study on International Industrial Co-operation prepared by UNIDO in response to General Assembly Resolution 3362 (s)VII) has presented a number of practical and innovative proposals for accelerating international resource flows. In preparing the Joint Study, UNIDO had called two meetings of eminent persons which had included African experts. The position outlined herebelow is, therefore, based on the recommendations of the Joint Study also.

34. The main elements of a common African position that have emerged from discussions to-date are, therefore, considered to be the following:

(a) Strengthening national capacities for self-sustained and accelerated industrialization

(i) The adoption of a self-reliant strategy of accelerated industrialization which will make optimum use of domestic resources and engineer a process of internally generated industrialization so as to effectively internalize and maximize the well-being of the peoples of Africa;

(ii) The achievement of the quantitative and qualitative targets of the Lima Declaration through the design and pursuance of coherent and internally consistent set of industrial policies which could actively and aggressively exploit opportunities offered by regional, inter-regional and international co-operation.

(iii) The pursuance of policies that would ensure maximum gains from inter-sectoral relationships and intra-industry linkages so as to foster

and speed-up the emergence of domestic industrial structures that will increase agricultural production, meet the basic needs of African populations for food, housing, health and education, and at the same time provide the intermediate and capital goods required for sustained industrialization and providing domestic inputs for the other economic sectors.

(iv) The integration of national markets through well-defined and purposive policies of rural and small-scale industries development based on local resources and which take into full account the advantages of forward and backward linkages so that these become effective means for re-dressing rural - urban imbalances, increasing employment opportunities and thus contributing significantly to arresting the exodus of populations from the rural to the urban areas.

(v) The promotion of effective policies and programmes to make optimal use of export opportunities through increased domestic processing of natural resources and through the creation of labour- and other domestic inputs-intensive industries to produce those goods which are high earners of foreign exchange.

(vi) The strengthening of national planning and programming machinery to keep strategies and policies under continuous examination so as to undertake timely corrective measures; set-ups for project design and project selection to ensure that scarce resources are used only on those project which promote the achievement of national objectives; and of programmes for the development of skills and technology so that these serve fully to support the goal of internally generated, self-sustained industrialization.

(vii) The re-orientation of educational policies and the pursuance of innovative training programmes should place emphasis on science and technology and its interaction with national industrial policies; on developing the skills required to cope qualitatively and quantitatively with a major thrust of rural and small-scale industrialization; and on increasing the ability of a country to make optimal use of scarce national and external resources. These would call for policies and programmes that place high emphasis for the training of:

- technologists and technicians to construct and operate plants efficiently and to provide support services in industrial research, quality control, standardization and patent laws;

- managers, cost accountants and financial analysts to run public and private enterprises profitably and undertake business negotiations on terms and conditions of joint ventures;
- planners and policy makers to conceive, implement and monitor programmes in accordance with national goals and priorities;
- project designers to prepare, evaluate and select for implementation only those projects which contribute optimally to national objectives;
- multi-disciplinary teams of extension workers to provide guidance and assistance to rural and small-scale enterprises in their day-to-day operations as well as in their longer-term planning and programming of their operations;
- market and marketing experts to identify evolving domestic and international demand for industrial products and thus ensure efficient programmes of production.

(viii) The drawing-up of national master plans for technological development which should include:

- plans and policies that will enhance a country's capacity to build upon domestic technology and draw upon the global technological shelf to adapt available technology effectively to national needs;
- establishment of national technology centres to act as clearing houses for technological information most appropriate to local requirements and to enable a country to benefit effectively from the work of similar regional and international centres;
- setting-up of pilot production units for spare parts and components and for production of selected industrial goods where controlled experiments could be carried with a view to making appropriate changes in design and processes for the up-grading of traditional technology and adaptation of imported technology;
- instituting systems for the evaluation of feasibility studies to ensure that appropriate choices of technology have been made since it is these that decide the technology to be used;
- undertaking monitoring on a continuing basis of the costs and terms and conditions for technology transfers so as to strengthen national capabilities for negotiating efficient transfers of imported technology;

(ix) As the achievement of accelerated industrialization requires a substantial and uninterrupted flow of financial resources, investment policies should give high priority to:

- increasing the rate of domestic savings and the channelling of a substantial share of these to the industry sector in recognition of its central role in achieving national objectives relating to food supply and the provision of basic needs,
- stimulating a substantial flow of external resources to industry by taking measures to generate viable industrial projects and exercising greater control over the use and preservation of domestic natural resources,
- strengthening domestic capacities for investment promotion, negotiations and industrial administration,
- expanding the domestic public and private entrepreneurial base so as to ensure optimal benefits to be retained for the country from ventures involving the participation of direct foreign investment,
- creating and strengthening national development financial institutions so that these become the focal points for mobilizing domestic resources and securing loans on concessional terms from regional, inter-regional and international financial institutions.

(x) The institutional framework for self-sustaining accelerated industrialization would call for action to set-up the following on a priority basis:

- Rural and small-scale industrial development agencies
- Feasibility studies centres
- Technology Centres
- Engineering design and industrial research centres
- Industrial Development Banks
- Investment promotion centres; and
- Machinery for monitoring plans, policies and programmes of industrialization.

(b) Strengthening regional co-operation

(i) The adoption of regional co-operation as an indispensable instrument of national industrial development and thus the creation and strengthening of units within national government structures for assuming full responsibility for promoting African collective self-reliance;

(ii) The strengthening of economic groupings so that these become the agents for promoting sub-regional common markets and eventually the creation of an African Common Market;

(iii) The expansion and development of regional programmes and institutions designed to foster African collective self-reliance which, inter-alia, include:

- sectoral development programmes particularly in regard to the basic industries with a view to identifying viable national and multi-national projects;
- regional industrialization institution to facilitate the exchange of experiences and assist in the formulation of coherent and consistent industrial policies and programmes;
- regional centres for the transfer and development of industrial technology and for industrial design and engineering, so that these become effective fora for self-help in technology development;
- African industrial development fund and regional centre for engineering consulting services so as to develop facilities and capabilities for pre-investment studies particularly of multinational industries and
- African teaching companies within the frame of production priorities so that these become an effective basis for promoting skill-embodied technological progress.

(iv) The design and pursuance of regional policies aimed at maximizing the benefits to be derived from the exploitation of African natural resources through the establishment of sectoral resource-oriented institutions which will deal with the marketing, technology and greater domestic processing of these resources and thus ensure a better negotiating position for African countries of their use.

(v) The establishment of a permanent regional industrial consultations machinery as a complement to the international system of consultations to provide African countries a forum for harmonizing their policies, making optimal use of redeployment programmes, setting sectoral development targets and for planning and implementing multinational industries.

(vi) The promotion of policies which would foster specialization and complementarity so as to eliminate wasteful proliferation of high-cost industries and thus reduce the economic cost arising thereof through the progressive integration of contiguous markets.

(vii) The creation of African multinational production enterprises particularly of resource-based industries through the drawing-up of bilateral and multilateral statutes governing the sharing of benefits through appropriate capital structures and operating policies.

(viii) The establishment of an African Industrial Finance Agency devoted to mobilizing concessionary funds from global and Third-World financial institutions and channeling it to African countries either directly and/or through the national industrial development banks.

(c) Strengthening South/South Co-operation

(i) The promotion of policies and programmes within the frame of existing fora available to Third-World countries such as the Non-Aligned movement, the Group of 77 and the UN system to enable them achieve a greater degree of control over their industrialization and to alter their present total dependence on the industrialized countries to one of interdependence based on the principles of equity and mutuality of interests in the future.

(ii) The harmonization of Third-World policies to ensure that the operations of the transnational corporations fulfill their development objectives and that international industrial laws function on principles of equity and universal interdependence.

(iii) The establishment of an International Industrial Financial Agency to promote South/South co-operation in financing industrialization by converting financial surpluses in some developing countries into durable forms of long-term investment in the Third World.

(iv) The creation of an International Industrial Technology Institute to monitor and provide information on terms and conditions of acquiring technology; to provide information on on-going research efforts in the developing countries in labour-intensive and less energy-intensive technologies; to stimulate technology flows among developing countries; and to harmonize and complement research and development efforts.

(v) The establishment of an International Centre for the Joint Acquisition of Technology to provide appropriate negotiating facilities as well as institutional and contractual information in order to enable developing countries negotiate suitable financial and non-financial terms of technology acquisition.

(vi) The setting-up of an International Patent Examination Centre to make effective use of the available technological shelf and to serve as a genuine instrument for the transfer of knowledge by providing technical and legal information on patents in different countries.

(vii) The promotion of joint efforts for marketing, exploration, processing and financing of mineral resources to alleviate economic risks, overcome constraints and give impetus to the development of Third-World capacities in the beneficial utilization of their resources.

(d) Restructuring North/South Co-operation

(i) The guiding principles to be pursued by developing countries for the promotion of North/South co-operation are the recognition by the international community that the conduct of international economic relations has thus far been to the disadvantage of the developing countries, that fundamental changes would need to be instituted to establish a New International Economic Order, that this would necessitate first and foremost the restructuring of world industrial facilities and that consequently the international community would need to take urgent and concrete measures to implement the Lima Declaration.

(ii) This requires the pursuance of policies and programmes by the developing countries to enable them become equal partners in influencing the pattern and direction of the world economy and the promotion and pursuance by the industrialized countries of policies and measures designed to redistribute world industrial production equitably.

(iii) The acceptance, therefore, by the industrialized countries of the need to equate restructuring and redeployment policies, the need to provide substantial assistance to the developing countries to develop their economic and social infrastructures and hence increasingly guaranteeing the profitability of future industrial ventures, the need to channel increasing financial resources for industrial investments in the developing countries; the need to raise the capacities of the developing countries in the varied facets of the complex problems of industrialization; and of the need to exercise positive control over the operations of the transnational corporations to foster optimal world welfare.

(iv) The institutionalizing of the on-going international industrial consultations system on a permanent basis to facilitate the orderly and speedy sectoral redeployment and redistribution of world production facilities.

(v) The promotion of a Global Fund for the Stimulation of Industry for providing quick-disbursing programme-financing loans to the developing countries so as to overcome effectively the inability of private banking

houses to recycle additional financial surpluses and to channel these funds through a mechanism supported by a collective guarantee of the international community to the widest possible range of developing country borrowers who individually might not otherwise have access to the private banking system.

(vi) Consideration of the establishment of a Commission for International Industrial Development Law to alter the present system by a more dynamic and equitable one through the provision of assistance to the developing countries in the formulation of a new system of industrial development law; in the design of contract guidelines, model contracts and manuals; in the provision of negotiation assistance; and in the co-ordination and harmonization of industrial law.

(vii) Establishment of a System for the Resolution of Industrial Conflicts to bring about a positive environment for co-operation between developing countries and foreign investors. Such a system to have sub-structures at the national and regional levels.

(viii) The fostering of measures designed to provide effective assistance to the developing countries in facilities for pre-investment studies; arrangements for inter-governmental and inter-firm co-operation for the creation of new industrial units; in facilitating financial risk transfers through conventional equity instruments as well as through special bond issues; and in promoting of barter or buy-back related long-term investment.

(ix) The setting of an international manufacturing trade target which would postulate that the value of manufactured imports made by the South from the industrialized countries should be covered to the extent of 50% by 1990 and 100% by the year 2000 by the value of exports of manufactures from the South to the industrialized countries.

(e) Special Measures for the Least Developed Countries

(i) The active promotion of policies designed to increase the degree of least developed country participation in international economic relations; to take explicit cognizance of the fact that the scale of resource transfer must be stepped up substantially; to lay stress on direct transfers, bypassing existing market institutions; and to place emphasis to the development of agriculture and basic infrastructures as pre-requisites for industrialization.

(ii) The mobilization and channelling of substantial technical and financial resources to the least developed countries to enable them establish a comprehensive inventory of their natural resources; increase their absorptive capacities; and raise their abilities for productive investment.

(iii) The provision of assistance to the least developed countries in setting-up feasibility study centres, machinery for technology appraisals and investment promotion, pilot production centres and the provision of industrial extension services.

(f) Special Measure for Africa

Recognizing that Africa is the least developed of the Third-World regions, to declare the period 1980 - 1990 as the African Industrial Development Decade so that national, regional and international resources could be effectively mobilized, co-ordinated and channelled to African countries in support of their industrialization efforts aimed at achieving a share of 2 per cent of world industrial production by the year 2000.

(g) Institutional Arrangements for UNIDO

(i) The institutionalizing and strengthening of the on-going international consultations scheme.

(ii) The expansion of UNIDO's technology co-operative programme so that it becomes an effective clearing-house for technological information; for strengthening the negotiation capabilities of the developing countries; and for providing a comprehensive programme of assistance aimed at improving national capabilities in the transfer, adaptation and development of technology.

(iii) The need for UNIDO's technical assistance to be strengthened and expanded to take account of inter-sectoral relationships and the establishment of new regional and global institutions.

(iv) The need for UNIDO to be the focal point for technical co-operation in the field of industry so as to ensure the most efficient and productive use of limited technical assistance resources.

(v) The attainment of a desirable level of funding for the UNIDF in the shortest time possible to enable UNIDO discharge its expanded responsibilities effectively.

(vi) Speeding-up the process of signing and ratification of the protocol aimed at converting UNIDO as a specialised agency.



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United Nations Industrial Development Organization

THIRD GENERAL CONFERENCE OF UNIDO

New Delhi, India, 21 January–8 February 1980

Provisional agenda for the Third General Conference of the
United Nations Industrial Development Organization

1. Opening of the Conference.
2. Organization of the Conference:
 - (a) Election of the President;
 - (b) Adoption of the agenda;
 - (c) Adoption of the rules of procedure;
 - (d) Election of officers other than the President;
 - (e) Organization of committees;
 - (f) Credentials of representatives to the Conference.
3. General debate (statements by heads of delegations).
4. Review and appraisal of the world industrial situation, with specific reference to the industrialization of the developing countries:
 - (a) Review of progress in the implementation of the Lima Declaration and Plan of Action on Industrial Development and Co-operation;
 - (b) Review and appraisal of major policies, problems and obstacles affecting the implementation of the Lima Declaration and Plan of Action and steps taken and proposed to resolve them.
5. Strategy for further industrialization as an essential element of the development process in the 1980s and beyond:
 - (a) Adoption of appropriate industrialization policies and strategies aimed at achieving the Lima target;
 - (b) Recommendations for policies, procedures and frameworks to foster develop and strengthen:
 - (i) Domestic industrial processing of natural resources;
 - (ii) Industrial skills;

- (iii) International co-operation in the field of transfer and development of industrial technologies with a view to increasing the technological capabilities of the developing countries;
 - (iv) Improved mechanisms for industrial co-operation to promote the flow of integrated technical and financial assistance to developing countries, including regional co-operation and special measures for the least developed, land-locked and island countries;
 - (c) Industrial co-operation among developing countries: recommendations on policies, procedures and strategies;
 - (d) Redeployment of industries from developed to developing countries;
 - (e) System of consultation;
 - (f) Creation of appropriate industrial structures in developing countries, with a view to accelerating their economic growth and increasing their share in world industrial production in order fully to realize their economic potential within their national interests, in accordance with the Lima Declaration and Plan of Action and the resolutions of the seventh special session of the General Assembly;
 - (g) Role of foreign investment, including that channelled through transnational corporations, in promoting industrial growth in accordance with national objectives of economic and social development and regulations and other conditions applicable to such investment.
6. Institutional arrangements:
- (a) Review of the effectiveness of co-ordination and follow-up on matters concerning industrial production, international industrial co-operation and related issues covered by other organizations within the United Nations system;
 - (b) Review of the effectiveness of the institutional arrangements for the United Nations Industrial Development Organization, with reference to the long-range strategy for the Organization, to meet the challenge of industrialization in the 1980s and beyond.
7. Conclusions and recommendations.
8. Adoption of the report of the Conference.
9. Closure of the Conference.

ANNEX II

List of Resolutions

Third Conference of African Ministers of Industry
Nairobi, Kenya, 17 - 22 December 1975

- Agreed Conclusions

Economic Commission for Africa - Thirteenth Session/
Fourth Meeting of the Conference of Ministers
Kinshasa, 24 February - 3 March 1977

- Accelerated Industrialization in Africa

Council of Ministers of the Organization of African Unity
29th Ordinary Session
Libreville, Gabon, 23 - 30 June 1977

- Resolution on the Third General Conference of UNIDO
- Resolution on Least Developed and Geographically Disadvantaged Developing Countries
- Resolution on African Representation in the United Nations Organization

Council of Ministers of the Organization of African Unity
31st Ordinary Session
Khartoum, Democratic Republic of the Sudan
7 - 18 July 1978

- Resolution on the Economic Co-operation among Developing Countries
- Resolution on Technical Co-operation among Developing Countries
- Resolution on Transfer of Technology
- Resolution on Industrial and Technological Research and Development in Africa
- Resolution on the United Nations Industrial Development Organization (UNIDO)

Economic Commission for Africa - Fourteenth Session/
Fifth Meeting of the Conference of Ministers
Rabat, 20 - 23 March 1979

- Draft terms of reference and ways and means of organizing a regional symposium on industrial policies and strategies for internally self-sustaining growth and diversification and collective self-reliance during the period 1978 - 2000
- Recommendation on the system of consultations: an innovative approach to stimulate new forms of industrial co-operation.

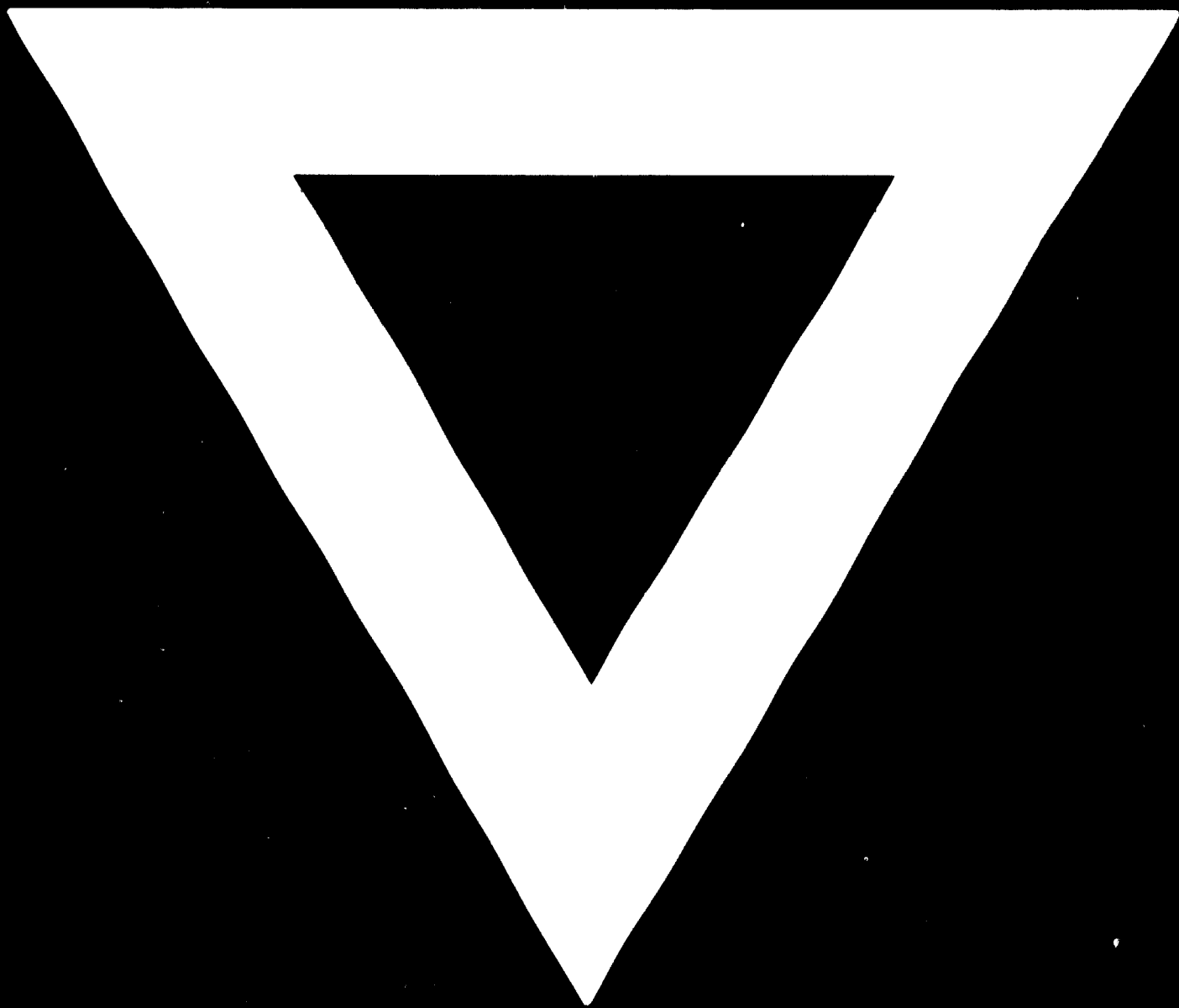
- Resolution on the Development of Technological Capabilities in the African Region
- Resolution on the Preparations for the Third General Conference of UNIDO
- Resolution on Development Strategy for Africa for the Third Development Decade
- Resolution on Acceleration of Industrial Development
- Resolution on Science and Technology
- Resolution on Economic and Technical Co-operation among Developing Countries
- Resolution on the African Industrial Development Decade

Council of Ministers of the Organization of African Unity
Thirty-Third Session
Liberia, 6 - 15 July 1979

- Resolution on the Third General Conference of UNIDO
- Development Strategy for Africa for the Third Development Decade



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