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REPORT ON THE THIRD MEETING OF THE FOLLOW-UP COMMITTEE  
ON INDUSTRIALIZATION IN AFRICA<sup>1/</sup>

Addis Ababa, 4-5 November 1976

by

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## REPORT ON MISSION TO ETHIOPIA

3, 4, 5 November 1976

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### I - INTRODUCTION

#### A. Purpose of Mission

To attend the Third Meeting of the Follow-up Committee on Industrialization in Africa in Africa Hall, Economic Commission for Africa, Addis Ababa on 4 and 5 November. The UNIDO delegation which was headed by the Executive Director, Dr. A. Khane, consisted of Mr. A. Feraldis, Industrial Development Officer - Regional and Country Studies Section, International Centre for Industrial Studies, Mr. J. Paschke, Industrial Development Officer - Factory Establishment and Management Section, Industrial Operations Division and the writer of this report.

#### B. Preparations for the Meeting

The Follow-up Committee on Industrialization in Africa has been assigned by the Conference of African Ministers of Industry (held in Nairobi 17-22 December 1975) the focal role in the regional consultations and negotiations at world level and in monitoring the achievement of the quantitative target for African industrialization (2% of world industrial production) in keeping with the overall implementation of the objectives of the Lima Declaration and Plan of Action at the African regional level. In agreement with and at the request of the Executive Secretary of the Economic Commission for Africa (ECA), UNIDO had made available to ECA in September three staff members: Messrs. Oettinger, Paschke and Janiszewski; papers were prepared in collaboration with the ECA Secretariat on the following projects endorsed by the Nairobi Conference of African Ministers: the establishment of an African Industrial Development Fund (Mr. Oettinger), an African Regional Centre for Consulting Engineering and Management, an African Regional Centre for Plant Design and Construction (Mr. Paschke),

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and an African Regional Centre for the Development and Transfer of Technology (Mr. Janiszewski). All of these inter-country projects were included in the provisional agenda; however, the last named was dropped and the other three were subsequently modified both in substance (i.e. objectives, justification, etc.) and in the modus operandi. As the writer was mainly concerned with item 4 (b) of the agenda (system of consultations at regional, inter-regional and global levels) and since my colleagues are dealing in extenso with the decisions on the inter-country projects, I shall only briefly mention the major outcome of the debates.

C. Organization of the Meeting

By decision of the Third Conference of African Ministers of Industry held in Nairobi (December 1977), the composition of the Follow-up Committee was increased to 12 Ministers of Commerce and Industry, i.e. three representatives from each of the four sub-regions as follows:

For the Central African Sub-region: Central African Republic,  
Rwanda and Zaire

For the East African Sub-region: Kenya, Lesotho and Zambia

For the North African Sub-region: Algeria, Tunisia and Sudan

For the West African Sub-region: Benin, Ghana and Nigeria.

Only eight representatives of African countries attended out of which only three at ministerial level: Nigeria, Lesotho and Zambia; the remainder were represented through their embassies in Addis Ababa or by Assistant Ministers or Director of Industry level. All four sub-regions were represented by at least two representatives with the exception of the North African sub-region which was represented by the Sudan only. Absent from the meeting were representatives from Algeria, Benin, Rwanda and Tunisia. Four of the 12 member countries - Central African Republic, Lesotho, Sudan and Rwanda are least developed or land-locked countries; all, except Rwanda attended the meeting. Thus it appears that full African involvement in this first meeting of the enlarged Follow-up Committee on Industrialization in

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Africa was not achieved. Annex I shows a list of participants.

In addition to the UNIDO, other international and regional organizations were also represented such as OAU, UNDP, WHO, and the East African Development Bank.

II - GENERAL ACCOUNT OF THE PROCEEDINGS OF THE MEETING (Please see Annex II and III for the Agenda and Provisional Annotated Agenda)

A. Introduction

Prior to the meeting, a conference was held in ECA, chaired by the Executive Secretary and the Executive Director and attended by the UNDP Resident Representative and Assistant Administrator, members of the UNIDO delegation and the Acting Chief of the ECA/UNIDO Joint Industry Division. The conference afforded a good opportunity to air some of the variety of views expressed on the proposed inter-country projects, in particular the inter-relationship of the African Centre for Transfer, Adaptation and Development of Technology with the other two functional Centres for Consulting Engineering and Management and for Plant Design and Construction. UNIDO felt that the projects, as now elaborated by ECA, bore little resemblance to the original projects submitted by UNIDO. While UNIDO felt that the Centres have an advisory function to fulfill, ECA opined on the other hand that they should in fact promote specific industries. Concerning the Centre for Adaptation, Transfer and Development of Technology, it was emphasized that it should "go down to practicalities" as far as research and promotion of technological development was concerned. As stated by the Executive Director, "transfer of technology" was full of "ambiguities" and there was a need to consult African countries to clarify their needs since the practical approach may not apply to all 48 African countries with their varying needs and different stages of development. Consequently, consideration may be given to a sub-regional approach as appropriate technology may vary from country to country (for cultural, environmental, climatological and other factors). In this connexion, the Executive Director stressed that

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it was essential to lay down the linkage between the two functional centres and the Centre on Adaptation, Transfer and Development of Technology.

The Executive Secretary mentioned that ECA is giving priority to fielding separate country missions in Africa to elicit specific African requirements for the centres. He wondered whether UNDP financing situation would allow for more flexibility in supporting these field missions.

Mr. John Saunders, the Regional Representative and Assistant Administrator explained that there were three sources of financing:

- (a) an amount of \$10 million has been set aside for the coming 1977-1981 Inter-country Programme for new projects;
- (b) the balance of Inter-country Programme funds, i.e. about \$110 million are committed for on-going projects in the coming IPF cycle (1977-1981); the possibility of launching new projects is therefore modest. The mid-term review of the Inter-country Programme to be undertaken in 1978 may yield some savings which could be applied to new projects;
- (c) the possibility of financing from the national IPF's: Mr. Saunders explained that the national IPFs during the forthcoming cycle are expected to increase from \$460 to \$560 million. On the substance of the project, Mr. Saunders felt that the budget for the Centres will need to be increased by 50 percent and that there was a need to scrutinize the concern and requirements of the African countries before launching the project.

B. General Account of the Proceedings

The agenda covered nine items during the two-day meeting. Opening statements were made by the Chairman of the Committee, the Federal Commissioner for Industry of Nigeria - Dr. R.A. Adeleke, the Executive Secretary of ECA, the Assistant Secretary-General



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for Economic and Social Affairs of the Organization of African Unity (OAU) and the Executive Secretary of UNIDO. In addition, the representative the World Intellectual Property Organization (WIPO) also made a statement. Please refer to Annex IV for a copy of the statements.

In the discussions that followed concerning agenda item 4(a) Implementation of the Lima Declaration and Plan of Action at the African Regional level, several countries such as Zaire and Lesotho stressed the debt burden of many African countries as a constraint to implementing the Lima target. The Minister of Industry of Lesotho pleaded for a disciplined approach in implementing an industrialization strategy and that in many African countries, there was a waste in the use of natural resources, financial resources and of manpower resources. One of the means to achieve the Lima target would be for African countries "to sacrifice luxury items" and he recommended that the Follow-up Committee should recommend that a special study be undertaken as to what luxury items and facilities could be eliminated.

The Executive Director of UNIDO commented on the problem of food production, infrastructure and communications in Africa all of which are interlinked. The Chairman, in closing the debate on this item, drew attention to the following sectors which should be carefully examined:

- (a) the infrastructure problem
- (b) lack of manpower
- (c) the need for a disciplined approach - i.e. maximum use of resources which would lead to a clearer definition of priorities
- (d) communication problems.

The meeting then reviewed agenda item 4(b) System of Industrial Consultations at the regional, inter-regional and global levels. The

REPORT ON MISSION TO ETHIOPIA  
(continued)

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main thrust of the dialogue on this issue maintained that the system should aim at improving self-reliance in Africa. Many delegates felt that the challenge of intra-African negotiation is more crucial and important than inter-African negotiation and that the former should be increasingly used as a tool for collective self-reliance and co-operation in such fields as the metal industry, the chemical industry, etc. One delegate (Zambia) expressed the view that African states do not unfortunately have the "political will" to co-operate. There was no need to "over-emphasize industrialization" in those areas where Africa lacks technology, finance, administrative and managerial capacities and trained manpower.

The meeting called on the OAU representative to solve certain political problems including industrialization in Africa. The UNIDO delivered a statement on the system of consultations giving the historical background, the UNIDO approach for implementing the mandate given to it under the various legislative resolutions by the General Assembly and the regional implications of the system of consultations, etc. (Please see Annex V and VII).

The discussions that followed concerned the inter-country projects approved by the Third Conference of African Ministers in Nairobi - i.e. the African Centre for Industrial Consulting Engineering and Management, the African Regional Centre for the Transfer, Adaptation and Development of Technology and the African Regional Centre for Industrial Plant Design and Manufacturing - items 5 (a) (b) and (c) of the agenda. The Committee had before it project proposals prepared by ECA in which the UNIDO had provided some inputs in terms of direct staff support to ECA. However, the final documents as presented to the Committee had not been reviewed by UNIDO prior to their finalization. Many of the delegates did not go into the substance of these projects and they were approved with very minor modifications on the understanding that the projects could not be finalized until ECA/UNIDO fields preparatory assistance missions to selected African countries to review the requirements of the

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projects, the contributions which African countries are expected to make both in terms of host arrangements and in financial terms, the objectives of the Centres, the modalities of their operation, etc., and finally their location.

Concerning item 6 of the agenda The Establishment of the African Industrial Development Fund (AIDF), there was a strong feeling among the delegates present that it is premature to conceive of the establishment of such a fund without examining the possibility of the African Development Bank's capacity to manage such a fund especially as it has just recently established an African Development Fund. The linkage, therefore, between the African Development Fund (ADF) and the possible African Industrial Development Fund (AIDF) needs to be determined and specified. The fear was expressed that the African Governments would not be able to "rationalize the proliferation of institutions with overlapping responsibilities" in Africa (the OAU Assistant Secretary-General).

The Executive Director of UNIDO agreed that there was a need for greater investigation before the fund is set up and that the Committee should devote more time to clarify the objectives of the fund (in particular with reference to para. 48 of the Agreed Conclusions of the Nairobi Conference of African Ministers on the functions of the fund).

The representatives of the East African Development Fund (EADF) felt that one should not prejudge which existing banking institution should manage such a new fund. He felt that the existing African Funds such as ADF and EADF had difficulties in raising funds to finalize general feasibility studies which are not directly bankable (such as the iron and steel industry in East Africa, etc.)

The Executive Secretary of ECA agreed that the field missions to selected African countries will have to clarify many of the issues raised. He believed that the crucial role of the AIDF, when established, will be to promote pre-feasibility studies from multinational projects such as the Trans-African Highway.

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Although there was an attempt to have the Follow-up Committee recommend to the meeting of the African Ministers of Industry that the AIDF should only become an autonomous body if the ADF cannot manage it, the Chairman decided that the Committee was not in a position to prejudge the results of the field investigations now being prepared.

On the question of item 5 (b) Regional Centre for the Transfer, Adaptation and Development of Technology, it was agreed that an inter-agency working group formed by ECA and comprising UNIDO, UNCTAD and UNESCO, would make adequate preparations for the establishment of the Centre and that it will mount a field mission to hold consultations with governments on the basis of which the structure and modalities of the Centre will be determined.

Finally, with regards to item 7 Progress on On-going Regional Projects and particularly regarding the priority area for industrialization, the Follow-up Committee endorsed the following four programmes formulated by ECA as a priority area for achieving integrated industrialization:

- (a) Basic metal industry development
- (b) Engineering industry development
- (c) Chemical industry development
- (d) Building Materials development.

During the final session, the UNIDO requested that under the Agreed Conclusions of the draft report, para. 2, page 2, the following sentence be added "with regards to regional consultations, the Committee endorses the call that the Industrial Development Board authorizes UNIDO to proceed in undertaking consultations at the regional level in conformity with the agreed conclusions of the Nairobi Conference of African Ministers of Industry."

## III - CONCLUSIONS

The Third Meeting of the Follow-up Committee on Industrialization in Africa, has by all accounts fallen short of the objectives set for it: there was less than full representation (8 out of 12), only 3 countries sent representatives of ministerial rank, the agenda items were not examined in depth since detailed project proposals were distributed at the Meeting with the result that the inter-country regional centres were hastily approved with minor modifications; most government representatives preferred to withhold final judgement or to state their definitive positions until the ECA field missions had completed their assignments and reported their findings on, inter alia, the objectives of the inter-country centres, the range of their activities, the financing of operations, host facilities, location, etc. With regards to the African Industrial Development Fund, the consensus of the Follow-up Committee was also to allow the field mission to investigate the capability or otherwise of the African Development Fund to manage the African Industrial Development Fund before recommending its establishment. In this connexion, there was also a clear consensus among the participants that the proliferation of African institutions with overlapping mandates and responsibilities should be avoided.

To encourage a greater involvement in and to promote a deeper awareness of the crucial task of the Follow-up Committee on Industrialization, it would seem imperative that careful, advance preparations be made before the convening of the Fourth Meeting of the Follow-up Committee, i.e. to ensure that all member countries have had sufficient time to review and study the conclusions and recommendations of the field investigations on the inter-country projects (including the African Industrial Development Fund).

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Follow-up Committee on Industrialization  
in Africa  
Third meeting

Addis Ababa, 4 and 5 November 1976

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LISTE DES PARTICIPANTS

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Follow-up Committee on Industrialization  
in Africa  
Third meeting

Addis Ababa, 4 and 5 November 1976

Provisional Agenda

1. Opening statement by the Chairman of the Committee
2. Statements by: (a) Heads of sponsoring organizations: ECA, OAU and UNIDO  
(b) Representatives of WIPO and UNCTAD
3. Adoption of the Agenda and organization of the work of the meeting
4. Implementation of the Lima Declaration and Plan of Action at the African regional level
  - (a) Monitoring Africa's progress towards the achievement of the target share within the framework of the Lima Declaration and Plan of Action
  - (b) System of industrial consultations at regional, interregional and global levels
  - (c) Discussion of keynote addresses (item 2)
5. Implementation of inter-country projects approved by the Third Conference of Ministers of Industry in Nairobi
  - (a) The African Centre for Industrial Consulting Engineering and Management
  - (b) Regional Centre for the Transfer, Adaptation and Development of Technology
  - (c) African Regional Centre for Industrial Plant Design and Manufacturing
6. Establishment of the African Industrial Development Fund (AIDF)
7. Progress on on-going regional projects and actions taken by ECA and UNIDO
  - (a) Progress report in some priority areas
  - (b) The development of basic industries in the African region
8. Any other business
9. Adoption of the report.

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in Africa  
Third meeting  
Addis Ababa, 4 and 5 November 1976

Annotated Provisional Agenda

Theme: To draw-up a concrete programme of action for speeding up the implementation of the Lima Declaration and Plan of Action on Industrial Development and Co-operation at the African regional level.

1. Opening statement by the Chairman of the Committee

The third meeting of the Follow-up Committee on Industrialization in Africa will be declared open by the Chairman of the Committee at Africa Hall on Thursday, 4 November 1976, at 9:30 a.m.

2. Statements by: (a) Heads of sponsoring organizations: ECA, OAU and UNIDO  
(b) Representatives of WIPO and UNCTAD

After the opening of the meeting, Mr. Adebayo Adedeji, the Executive Secretary of ECA, will deliver a welcome address to the Committee. Following this, statements will be made by the heads of OAU and UNIDO respectively. The representatives of WIPO and UNCTAD will also make statements.

3. Adoption of the agenda and organization of the work of the meeting

Under this item, the meeting will adopt its agenda and establish the procedure for conducting the business of the meeting.

4. Implementation of the Lima Declaration and Plan of Action at the African regional level

(a) Monitoring Africa's progress towards the achievement of its target share within the framework of the Lima Declaration and Plan of Action

The Plan of Action laid down that Africa's share in world industrial output should rise from 0.6 to 2 per cent by the year 2000. It did not set a fixed annual growth rate. Document CMI/FCIA.3/WP/1 examines the progress made so far and some of the implications of the Lima target for future policies and strategies.

(b) System of industrial consultations at the regional, interregional and global levels

The Committee members will have an opportunity to examine more carefully the concept of the system of consultations required to establish a restructured industrial system as endorsed in resolution 3362(S-VII) adopted at the seventh special session of the General Assembly and as agreed by the third Conference of African Ministers of Industry. The Follow-up Committee will discuss the elements of the system of industrial consultations with special emphasis on its regional aspects as provided in document CMI/FCIA.3/WP/2.

5. Implementation of intercountry projects approved by the third Conference of Ministers of Industry in Nairobi

In accordance with the theme of this meeting of the Committee, participants will have an opportunity to work out more concretely the required collective action necessary to implement the priority areas in connexion with regional instruments for overcoming the constraints of capital, technology and skills. The third Conference, in its agreed conclusions, decided to intensify efforts aimed at creating national, subregional and regional centres to provide assistance in industrial technology, engineering and management consultancy, investment promotion and pre-investment studies, and the relevant institution building. The secretariat has prepared draft project documents describing in some detail the modalities concerning establishment of the African Centre for Industrial Consulting Engineering and Management (CMI/FCIA.3/WP/3); the African Regional Centre for Industrial Plant Design and Manufacturing (CMI/FCIA.3/WP/5); and the Regional Centre for the Transfer, Adaptation and Development of Technology (see E/CN.14/655, paragraphs 107-116).

6. Establishment of the African Industrial Development Fund (AIDF)

The scale of industrialization envisaged in the Lima target in the African region implies substantial technical assistance inputs, especially for pre-investment activities, the establishment of regional operational instruments for promoting collective action and the development of industrial technological and manpower capabilities. The establishment of the African Industrial Development Fund (AIDF) was endorsed by the third Conference as an instrument for mobilizing the necessary resources from African Governments and other sources for implementing the above objectives. Project document CMI/FCIA.3/WP/6 describes the particulars of this important regional instrument of action.

7. Progress on ongoing regional projects and actions taken by ECA and UNIDO

With regard to action taken by both ECA and UNIDO towards the implementation of the third Conference's recommendations, the meeting will examine document CMI/FCIA.3/WP/7 relating to industrial financing, expansion of intra-African trade in manufactures, and special measures to promote industrialization in the African least developed countries. Included also are some priority areas e.g. ongoing projects in forest, food, agricultural and small-scale industries.

In addition, document CMI/FCIA.3/WP/8 will enable participants to discuss the programme for the development in Africa of basic industries whose importance was underlined in the resolutions of the Conference of African Ministers of Industry. The development of metals, engineering, chemical and building materials industries is part of ECA's work programme for 1976-1981. These activities are considered to form the nucleus of a basic industries programme on account of their high technological component, multiplier effects and characteristic linkages with all branches of the economy.

8. Any other business

Under this item of the agenda, members of the Committee will be able to raise any issues not covered by the agenda.

9. Adoption of the report

Upon completing its work, the Committee will adopt a report on its third session.

Opening Statement of Mr. Adebayo Adedeji, Executive Secretary  
of BCA at the Third Meeting of the Follow-up Committee  
on Industrialization in Africa

Addis Ababa, 4 and 5 November 1976

Mr. Chairman,  
Your Excellencies,  
(Ladies and) Gentlemen,

It is conventional for opening statements by the Executive Secretary to say that I welcome participants to such and such a meeting. This is one of the occasions when it is far more than diplomatic courtesy. I do genuinely welcome you to this meeting of the Follow-up Committee because I believe we have come to a crucial moment in the work of our Commission in the field of industrial development. We either go forward from here or retreat. It is for this reason that I ask, in advance, for your forgiveness for anything that I shall say which may sound harsh, critical and perhaps unfriendly.

Perhaps, I should explain what we shall say arises from growing anxiety about the future of our region. When we look at other developing regions planning to achieve a share of over 12 per cent of world output of manufactures by the year 2000 when we consider the already considerable base from which they are starting, when we take into account the realism of their appraisal of past performance and future problems and prospects, when we note the firm, vigorous action being actually taken at national and multinational levels, we cannot avoid a feeling of dissatisfaction with our own performance. We also have fears that forces are being set in motion which, in the case of our region, may easily frustrate the implementation, inevitably at the level of Governments, of the decisions we take here, however fundamental, realistic and urgent.

What troubles us is the feeling that these decisions and recommendations may be having little impact on what actually takes place at Government level. I do know intimately the difficulties of bringing this about but unless it happens our efforts here will be fruitless. I hope to explain shortly why I have brought this subject up now.

The African Region as we all know is amply endowed with natural resources sufficient to raise the level of living of our people many times above the present level. For example Africa produces more than 50 per cent of the most important metals in industrial use, for example, 80 per cent of its chromite, 70 per cent of its cobalt, 50 per cent of its bauxite, 45 per cent of its iron ore, 40 per cent of its uranium, 40 per cent of its tantalite, 25 per cent of its copper, 25 per cent of its manganese ore, 16 per cent of its tin and a large share of oil in addition to producing a large share of tropical products and fibres. We know that this is merely scratching the surface. Our forests and other resources, if carefully evaluated, developed and exploited, are no less ample. We have growing populations capable of supplying all the manpower we need if we really work on the problem of fitting them for the new roles and tasks.

We have pursued in the past ten or more years two industrial policies in succession: import substitution and manufacturing for export, neither of which can establish the basis for self-sustaining, self-reliant growth and diversification of the national product. Our dependence on the outside world - for skilled manpower of all kinds and all levels, for capital equipment, intermediate goods, spare parts, components and accessories, simple tools and implements, industrial technology, markets and marketing - is almost pathetic. We virtually beggar ourselves to pay for all these. Yet dependence and poverty continue to increase.

Today, Latin America and Asia manufacture and sell abroad machine tools, ships, cars, mining equipment, railway rolling stock and other industrial products, too numerous to mention here. This is not only a credit to them it is also an indication of what we could do.

In the pursuance of the two objectives I mentioned earlier, viz. import substitution and manufacturing for export we have not only distorted policies - in terms of self-sustainment and self-reliance - but distorted conditions and instruments. The pattern of incentives is ill-designed; investment centres, development banks, and similar institutions are questionable in terms of the approaches to the new international economic order; one may even, with your permission, doubt how fully aligned in structure and personnel, are the ministries themselves to the new purposes. It is therefore not merely the re-orientation of policy but also of restructuring instruments that is in need of consideration.

Without these it is unlikely that new ideas, concepts, operational requirements will go far.

What is the consequence today of these objectives, policies and instruments? Last August I gave a brief description of the regional picture to an international conference on ECOWAS as follows.

"As regards where we are, I have already referred to the estimate of 0.6 per cent as the region's share in world manufacturing output but this conceals a great deal. A recent study by the Economic Commission for Europe concluded that the Africa region's share in the world output of metals and engineering products remained unchanged at 0.2 per cent in the 15 years between 1955 and 1970 and that the share of metals and engineering products in total industrial production during this period appears to have declined. In addition, 'of all developing regions, Africa had the lowest ratio of engineering production to engineering imports'.<sup>1/</sup>

The importance of these figures, even allowing for reservations regarding the accuracy of the statistical data, needs to be underlined. The engineering industries not only provide the means of production for themselves but also for virtually all other sectors. They serve not only as carriers of technology but also as the medium of technological invention and innovation. They contribute, possibly more than any other sector, to fostering labour, technical and management skills.

The geographical distribution of manufacturing output shows a remarkable imbalance: North Africa, with 28 per cent of the region's population, is estimated to have accounted for almost one half of the value added in manufacturing, whilst 10 countries account for no less than 77 per cent of the total value added. As regards the composition of output, 'manufacturing is heavily concentrated in the area of light industry and especially in the food and beverage subsector which produced no less than about 42 per cent of gross output in 1971' and 'the food processing sector together with textiles/clothing constitute

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<sup>1/</sup> Economic Commission for Europe: Role and place of engineering industries in national and world economies (ECE/ENGIN/3/Vol. I).

more than 60 per cent of the output of African manufactures'. The analysis here concludes as follows: 'Thus not only is Africa's share of world manufactures negligible, but its share of heavy manufacturing output (chemical, petro-chemical, non-metallic mineral, basic mineral and fabricated mineral product industries) is minuscule at just over  $\frac{1}{4}$  per cent....'.<sup>2/</sup>

At the national level in many member-States we find a so-called industrial sector made of a heterogenous collection of industrial products, many of marginal significance for self-sustainment. In broad terms we find a pattern of distribution of effective demand arising from often highly unequal distribution of incomes, poverty of national transport and communications systems, poor integration of national markets and underdeveloped network for the distribution of both capital and consumer goods, an unbalanced internal specialization of production for both exports and local consumption and the large and growing absorption of resources by the capital and a few other cities which practically determined the structure and location of industry. In general, therefore, we encounter a dual structure of consumption leading to a dual structure of production with an associated dual character of technology and manpower. It is therefore not merely concepts that need change but also policies and instruments. Moreover, detailed knowledge of what the industrial sector is now, is essential to altering it.

I do not wish to overstress the need for the acceptance and application of new concepts, policies and instruments at the national level. What is clear is that major deficiencies of recent industrialization policies include the failure to introduce adequate programmes and policies in the industrialization strategy for persistently reducing external dependence in manpower capability of formulating, designing, developing and implementing the various types of industrial projects, the failure to increase indigenous capability for technological problem identification and problem solving, tendencies to encouragement of industrialization based on inadequately co-ordinated projects located in urban areas, limited search of the opportunities for complementarities among African countries, high degree of dependence on foreign industrial finance for feasibility studies and investment, inadequate priority in the development of critical areas as machine tools industries, upgrading existing workshops for the production of spare parts and

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<sup>2/</sup> UNIDO: The Implications of Raising Africa's Share in World Industrial Production to 2 Per Cent by the Year 2000 (CMI.3/INR/TP/3).



components to facilitate backward integration of existing final products assembly plants, and inadequate policies and programmes for the utilization of the large amount of African industrial raw materials for the development of industrial branches such as metal, chemicals and engineering industry in the context of an integrated strategy which, in time will internalize the industrialization process.

The centre-piece of an effective industrialization strategy based on the LIMA declaration should, I believe be:

- (i) Integration of industrial development policies and strategies with other economic sectors especially rural development and agriculture;
- (ii) Systematically planned targets, programmes and proper complexes in chemical and petrochemical, metals and engineering industries with special reference to the production of spare parts, components, and machine tools development;
- (iii) Integrated functional programmes for the development of industrial technology and industrial manpower; and
- (iv) Development of national and multinational policies and instruments for effecting complementarities in industrial raw materials, subcontracting, multinational industries, and intra-African trade in manufactures.

It will be recalled that the Declaration singles out, at the national and multi-national level, the establishment of the following:

- (i) Basic industries such as steel, metallurgical and petrochemical industries;
- (ii) Mechanical engineering, electrical and chemical industries;
- (iii) Processing industries to satisfy the needs of the population for consumer goods and local production for the purpose of replacing imports and increasing exports.

An example may help. The development of the metals and engineering industries could be initiated through the identification and upgrading of existing metalworking enterprises - e.g. workshops of public enterprises such as railways, power, etc., mining enterprises, private foundries - to enable them to undertake production of spare parts, components, accessories and machine tools.

It is not difficult to be sceptical about these possibilities but I assure you that they have been the basis of the successful beginning of the metals and engineering industries in many parts of the world. I therefore suggest that we need to undertake an inventory and evaluation and design-development programmes for such potential points of initiation of the development of the metals and engineering industries. I am arguing that we are now about to pass the stage of mere talking.

The illustration I have just given in very brief terms is intended to buttress the view that it is within the context of national priorities, subregional priorities and regional priorities as determined from the planned programme on industrialization strategy that the African region will be able to participate in the planned interregional and global negotiations in the redeployment of world industrial production capacity. The programme on African industrialization strategies and policies will enable the African countries to develop a common framework and determine the objectives for consultation and negotiation both with other developing countries in regard to industrial co-operation as well as in negotiation and consultation with industrialized countries.

It will be recalled that four of the projects submitted to the Conference of African Ministers of Industry held in Nairobi in 1975 were given highest priorities and these are:

- (a) Centre for Transfer and Adaptation of Industrial Technology
- (b) Plant Design and Manufacture
- (c) African Industrial Development Fund
- (d) African Centre for Consulting Engineering

Project documents on these centres and projects have been prepared by ECA and UNIDO and are being submitted to you for your consideration under agenda items 4 and 5. As you will note from the schedule of the implementation of these projects, joint ECA/UNIDO field missions are planned to visit selected countries to gather the necessary information which will be used by a planned meeting of African experts to draw up the necessary draft terms of reference and agreements for submission to plenipotentiaries later in 1977 or early 1978. Activities on these projects are scheduled to start in December 1976 and it is hoped that some of these centres will be established by the end of 1977. In the establishment of these centres it will be exceedingly helpful to the Commission if Governments could participate in every step and this could be assured by short-term secondment of

Governmental experts to ECA to assist in the task that will be required.

Other projects submitted to the meeting of Ministers in Nairobi such as the African Centre for Iron and Steel Industry, Regional Centre for the Development of Petrochemical Industry, Regional Pesticide Development Programme with Special Reference to the Sahel, were endorsed in principle. More recently the meeting of Non-Aligned Nations in Colombo recommended the development of the pharmaceutical industries in developing countries. These projects are indeed elements of basic industries such as chemicals, metal and engineering industries which when properly integrated form the core of the new industrialization strategy for self-reliance whose base outline is referred to above. Bearing this in mind, and that the four projects given high priority in Nairobi are for essential services rather than concrete industrial project development, the Commission has formulated four new programme areas, namely:

- (i) metal industry development programme
- (ii) chemical industry development programme
- (iii) engineering industry development programme
- (iv) building materials industry development programme

Because of the high priority ECA assigns to integrated industrialization, these programmes will be carried out by groups of experts to be recruited for a minimum of three years starting in 1977. The programme will concentrate on the development of policies, strategies, targets and programmes in each one of these industrial branches; determine the linkages among these branches and the rest of the economy; assist countries in the design of training programmes and transfer of technology related to these branches and identify potential complementarities among African countries in the implementation of these projects; determine the extent to which existing national facilities in these branches could be rationalized and upgraded and the possibility for long-term purchase agreement and subcontracting with other African countries.

These branch programmes will first be integrated in the comprehensive industrialization policy and strategy referred to above. In the implementation of the programme on industrial policies, the Commission proposes to call an ad hoc meeting of African experts from industry and planning to consider an outline to be prepared by ECA on this subject. The experts will then determine which papers will

be prepared by the governmental experts themselves, African universities and other appropriate institutions, and those to be prepared by experts from other developing regions such as Asia and Latin America as well as those to be prepared by appropriate UN agencies. These papers, together with the integrated paper prepared by the Commission and African experts will then form the basis of a series of working parties and a symposium late in 1977 or early in 1978. It is hoped that the Follow-up committee will strongly recommend to the African Governments the necessity for active participation by Governments and their experts in the development of this programme in order to ensure that at the end of the exercise the necessary adjustments in industrialization policy at the national level will be adequately affected.

The above activities will be supplemented by continuous project identification and as well as by the development of multinational technical assistance to indicate the directions of possible rationalization of existing industrial enterprises within the African region.

There are a number of implications of this whole programme on which I wish to lay stress. The first is that in order to ensure that these programmes are effectively implemented, several measures are proposed; first to ensure that there is active participation by African governmental experts in the design and formulation of these policies, strategies and programmes and projects through short-term secondment to the Commission, the utilization of governmental and parastatal experts as short-term consultants, by ECA, more effective utilization of workshops and seminars in which African governmental and private experts would participate while at the same time ensuring exchange of experience with similar experts from other developing regions.

The second is the importance of two hitherto neglected aspects of planned development, i.e. programming and project analysis design planning and management. As I alluded in addressing the Conference of African Planners a fortnight ago there is no easier way of destroying the rationale of a national plan and of credibility in planning in general than by permitting widespread and persistent dislocations of programmes and projects. In my view this weakness may well be of much greater significance since it concerns plan implementation than the exercise in a regressive calculations on which the plan is based. It is therefore my intention to place the subject of ways on which programming competence in Africa can be **rapidly** improved before one of the proposed meetings of experts and if possible to make it the subject of one or more seminars.

As I also pointed on that occasion an even more paralyzing factor, we now **think**, is the inadequacy of indigenous capabilities in project analysis, design, planning and management. Without urgent and far-reaching measures to develop these capabilities the region is likely to be beggared simply by the burden of foreign payments for project analysis and design services. A programme for developing such capabilities would include the introduction of courses in a wide range of special subjects (e.g. industrial technologies, business finance, manpower development, management) at third level education, firm agreements with foreign and domestic enterprises, including public corporations on programmes of manpower development over and above their immediate individual needs, and close monitoring of these agreements, the imaginative search for training opportunities

in other countries and measures for arresting or reversing the brain drain. As with programming I intend at some time in the near future to place the subject of how the numbers, range and quality of project specialists can be rapidly expanded in the Region for detailed examination to working groups and seminars. There is little or no possibility of promoting a new international economic order within the region without effectively dealing with the problems of competence in programming and project design.

The third is the mobilization of resources in ways that are consistent with a genuine search for self-sustaining socio-economic change and with an increasing and substantial measure of self-reliance. It would lengthen this statement inordinately if I were to go into detail on this subject. All I wish to lay emphasis on now is the paramountcy of the kind of arguments we advanced in the Revised Framework of Principles with which I hope you are by now familiar and the specific proposals in our Work Programme of which the African Industrial Development Fund is only one.

Your Excellencies, (Ladies) and Gentlemen, I submit this statement as one of the working documents of this session and hope that we shall come out with a programme of action worthy of the challenges of the hours.

STATEMENT MADE BY MR. A. E. OJUKYA-NYINJE, UG,  
DAU ASSISTANT SECRETARY GENERAL FOR ECONOMIC AND  
SOCIAL AFFAIRS AT THE THIRD MEETING OF THE FOLLOWUP  
COMMITTEE ON INDUSTRIALIZATION IN AFRICA -  
ADDIS ABABA, NOVEMBER 4, 1976

Mr. Chairman,  
Mr. Executive Director of UNIDO,  
Mr. Executive Secretary of ECA,  
Honourable Ministers,

In the estimation of the OAU this is probably the most important meeting of the Followup Committee on Industrialization in Africa. Not only is it the first meeting of the Committee since the Third Conference of African Ministers of Industry; it is taking place at practically the end of a year which has seen much consultative activity by the developing countries, in an attempt to secure for those countries an equitable share of the world's economic development and growth.

2. Individually, the three regions within the group of developing countries met towards the end of last year and early this year to confer on how best a new international economic order can be brought about, especially in the area of development through trade.

3. Together, the three regions conferred in Manila, the Philippines, not only to compare notes but also to map out a joint strategy for UNCTAD IV. Four months later, at UNCTAD IV in Nairobi, they together faced a largely hostile developed world in an attempt to convince the international community to commit itself to a programme of accelerated development of the Third World.

4. Ever on the move in quest of solutions to our development problems, the developing countries convened yet again in Mexico City in September this year to work out a strategy and modalities for promoting economic co-operation among themselves; and this gathering will, I am sure, be pleased to know that Africa played a very leading role at the Mexico Conference.

5. Only last month, at the 16th Session of the Trade and Development Board in Geneva, the developing countries were again pulling together against a resurgence of strong opposition from all the developed countries to any

change in the existing balance of international economic power, in which we, the developing countries, are undisputed underdogs. Even the so-called North-South dialogue, which at one time was touted as the talk of the present state of talks on international economic relations, seems to be paralysed by a group of developed countries whose reactions to any moves of the developing countries are fast becoming pathologically suspicious.

6. What all this means, Mr. Chairman, is that the developing countries, of which Africa is the most disadvantaged part, have no option but to rely on themselves; self-reliance must be our international economic battle-cry. Not to acknowledge this would be a serious act of self-delusion on our part.

7. It is in this context that the CAJ views the Lima Declaration on Industrial Co-operation and the ECA document No. CMI/FCIA.3/WP 1, which analyses the implications of that declaration, particularly that part which requires that Africa's share of world industrial production should rise from the present 1% of 1% to 2% in twenty-four years' time.

8. Although the CAJ might have drawn one or two different conclusions from the statistical presentation made in the paper, we are satisfied that the paper succeeds very well in isolating, underscoring and presenting the most important ramifications of the 2% target for Africa's industrial production set in the Lima Declaration.

9. I have already referred to the most important, general, implication of that target, namely, that our efforts to achieve it must be based on the principle and practice of self-reliance, which at the inter-regional level implies practical, genuine and determined co-operation among developing countries.

10. The second general implication of the 2% target is that the effort required of Africa to achieve it, is gigantic and constitutes an unprecedented challenge for African makers of policy for economic development. In fact, what is required is a complete rethink of Africa's economic policy, both at the Africa-wide and at the national level.

11. Such a rethink is necessitated partly by the fact that the industrial target of 2% in effect calls for an African industrial revolution, and partly, if majorly, by the fact that the growth of the African economies largely thwarted by the faulty, if not false, foundations upon which they are built.



12. A major source of the weakness of the present African economies is the fortuity with which their foundations were laid. Almost invariably the need to satisfy import needs of the colonial powers was the motivating force behind the sort of economic foundations which were laid. One equally invariable result is that our economies became externally-oriented right at the outset; we geared our resources to producing for export. In time, even though these economies were dominated by agriculture, the production of food was sacrificed in favour of the production of non-edible crops. Thus, the people of Africa, whose roots lay in the soil, became more and more unable to feed themselves. Soon Africa was importing food at great cost — a most unfortunate situation.

13. It is the opinion of the OAU, Mr. Chairman, that however hard we work, our efforts will be of no avail unless we can establish effective self-sufficiency, by which we mean that we become at one and the same time our own chief customers and suppliers. This implies that local demand must be stimulated and expanded to support local production, be that production industrial or agricultural. This is one of the areas which was neglected in the colonial economic policies in Africa. It must be made good by the indigenous governments of Africa, and the policies of these governments must, therefore, be reformulated accordingly.

14. Local demand is essential and crucial for what some economists have called "economic take-off", for unless our industries depend more on local, or domestic, than on external, particularly extra-African, markets, our economic heart-beats will remain tuned to the heart-beats of the developed economies, whose pace has proved disruptive to our development.

15. Looked at differently, we need to rebuild our economies. The existing faulty, and often false, foundations must be recast, however painful that may be. In fact, we at the OAU have no doubt that the exercise will be painful; it has to be. So, to meet the situation, imaginative and creative policies, courageously implemented, are needed. This to us makes para. 52 of ECA paper COM/FCIA.3/WPI most relevant.

16. The Lima Declaration recommends the setting up in developing countries of heavy industries and lays some stress on access to the markets of developed countries for the products of these industries. While we accept such an approach as being necessary as a long-term objective, we believe that it would compound the difficulties and disadvantages of the developing countries in the early stages of the development effort.

17. A realistic approach would be to set up industries for which we possess and have control of the majority, if not all, of the necessary inputs. We obviously do not have all or the majority of the inputs required for heavy industries. We need to concentrate in particular upon industries for which we have or can easily master the requisite technology.

18. The OAI would like to stress this approach for the following reasons, Mr. Chairman. In the first place, it would enable us to carry out with greater chance of success the principle of basing our industries on our raw materials and other primary products, which we at present export for production elsewhere outside our continent.

19. In the second place, local markets for the products of such industries can quite easily be cultivated and expanded, as practically all of them satisfy basic needs of the masses of our people. In the third place, to the extent that such industries would cater for the basic needs of the populace, they would in fact be important means in raising the standards of living of our people.

20. Moreover, since the manufacturing techniques required by these industries are not complex, they would promote a more widespread and faster acquisition of technology by our people. In this connexion, it should be remembered that, though less complex, the technology for these industries can quite effectively serve as foundations for or spring-boards to the more complex technologies.

21. Finally, because conscious stimulation of local demands and expansion of the local market are an essential part of this approach, it would be beneficial to industrialisation for import-substitution, which at present seems to run into difficulties so soon after it is launched. For purposes of illustration, the OAI has in mind industrialisation programmes founded on the following processes or the processing of the following products: food processing; hides, leather and leather products; rubber and rubber products; wood and wood products; pulp, paper and paper products; fibres, textiles and clothing; and ores and metals.

22. I might make two observations at this point, Mr. Chairman. In the first instance, it should be noted that practically all of these products are currently being produced in the developing countries. However, the organisation of the industrialisation systems based on them leaves an awful lot of room for improvement. An important part of any stepped-up efforts at industrialisation should thus be a reorganisation in the light of my earlier observations.

23. In the second instance, as far as Africa is concerned, apart perhaps from pulp, paper and paper products, we have potentials for effective industrialization based on the processing of all these commodities.

24. I should not like it to be thought, Mr. Chairman, that we in the OAU place a lower priority on heavy industrialization. We only wish to emphasise that Africa's strategy for industrialization should take full account of our capacities and the most reliable possibilities for utilizing those capacities to our greatest advantage. In this connexion, I should also like to emphasise that, in view of the limited extent of most of the national markets in Africa, we shall have to rely very much upon expanding our local markets through subregional co-operation.

25. The final point I should like to make is this, Mr. Chairman. As I said at the beginning of these remarks, this, as far as the OAU sees it, is the most important meeting of the Followup Committee on Industrialization in Africa. Accordingly, the OAU hopes that the Committee will endeavour to draw up guidelines which are as practical as possible for Africa's efforts to meet the challenge of the Lima Declaration. With these few observations, I wish the Committee every possible success and I thank you, Sir.

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STATEMENT MADE BY THE EXECUTIVE DIRECTOR OF UNIDO  
DR ABD-EL RAHMAN KHANE, TO THE THIRD MEETING OF  
THE FOLLOW-UP COMMITTEE ON INDUSTRIALIZATION

ADDIS-ABABA, ETHIOPIA, 4 - 5 NOV. 1976

Mr. Chairman, Your Excellencies,

1. I wish to start these few remarks by thanking Your Excellencies for finding time from your otherwise very busy schedules to be present with us here today. I wish also to thank, on behalf of UNIDO, the Secretary-General of the OAU and the Executive Secretary of the Economic Commission for Africa, who, in co-operation with the Organization of African Unity and their staff, have made excellent preparatory arrangements for this meeting.

2. Mr. Chairman, this third meeting of the Follow-up Committee on Industrialization in Africa is taking place at a critical moment in the history of this continent. The process of organized development in Africa is still in its initial stages, and industrialization is also still in the incipient stage. To be sure, industrialization proper has started in only a few places on the continent, and industrial enterprises, especially large and complex ones, are few. However, the African leaders have taken measures aimed at buttressing their political independence through economic development and national-building as well as to raise the economic output of each country - starting with agriculture and mining industries - in order to establish sources of capital accumulation and raise the standard of living on the continent. They are also creating societal infrastructures for further developments by spreading education and technical knowledge, building institutions of higher learning, and promoting their own scientific research. Some industrialization proper is under way right now, but only implementation of these goals will elevate a springboard for a wide industrialization and transformation of the continent in a later stage. Africa is struggling to pass in only a few decades the road of technological transformation and systems growth that took the industrialized countries several centuries, while at the same time trying to retain the indigenous values and culture which are deeply rooted in the African tradition.

3. It is an enormously difficult task, Mr. Chairman, to erect modern industrial structures in a situation where capital is lacking, skilled personnel are scarce, wide experience in modern personnel management is poor, and many social and political problems accumulated from the past have to be solved simultaneously and in a short time. Never has such a gigantic endeavour been undertaken. Nevertheless, if Africa is to assume its rightful place in the community of nations, as was clearly intended by the Lima Declaration and Plan of Action, then she must intensify her efforts towards firm recovery from years of intellectual ruin and material destruction. In fact, the very essence and foundation of her policy should be the harmonization and the right balance between an agricultural and an industrial development which will be capable of creating its own instruments of production. In this way the economic independence and the welfare of her people will be assured. Such a policy, of course, must be predicated upon increasing agricultural production to provide extra food to support the growing population as well as the formation of extra capital for investment. Without surplus agricultural supplies and capital for investment, no major efforts at industrialization can succeed, assuming, of course, the availability of natural resources and a population structure producing a relative surplus in the crucial category between twenty and forty-five years.

4. Mr. Chairman, we have before us a number of important items on which you have to take decisions for the benefit of this continent. These relate to the establishment of the African Industrial Development Fund, the African Centre for Industrial Consulting Engineering and Management Services, the African Regional Centre for Industrial Plant Design and Construction, and finally, an African Centre for Adaptation, Transfer and Development of Industrial Technology. All the matters were discussed by the Conference of African Ministers of Industry at Nairobi in December 1975, during which clear guidance and mandate were given to the Follow-up Committee. However, during our deliberations in the course of the next few days on these and other topics before us, I wish to bring to your attention a few comments.

5. First, let me say something about the system of industrial consultations at the African regional level. It was agreed in Nairobi that the work of the biennial conferences of the African Ministers of Industry, along with that of the Follow-up Committee, would provide a framework for considering the consultation system, as called for by Lima, in the African Region. In this context, there will be the recurrent need to develop and define a common African position in the course of consultations and negotiations with the developed countries and other developing countries. There will also be the need to pursue a co-ordinated approach with regard to issues of a regional nature such as matters of policy harmonization, treatment of the activities of transnational corporations, etc. Broad issues such as the transfer of technology, the role of the transnational corporations in the production of various natural resources and their processed intermediates could be the subject of discussion at these consultation levels.

6. Mr. Chairman, as you are already aware, the Industrial Development Board has given considerable attention to the problem of putting on an operational basis a workable system of consultations. Thus, it has recommended that UNIDO organize consultations on an experimental basis in industrial sectors taking into account the priority sectors indicated in the Lima Declaration and Plan of Action and the varying capacity of the developing countries to benefit therefrom. Consequently, the first two consultation meetings will cover the fertilizers and iron and steel sectors; two other meetings on agro-based industry are planned in the biennium 1976/1977. Over the coming three years, UNIDO plans to organize mainly consultation meetings on priority sectors identified in the Lima Declaration and Plan of Action: iron and steel, chemicals, fertilizers, pharmaceuticals and engineering industry and related sub-sectors such as capital goods, agricultural machinery and fabricated metal products. It has been agreed by the Industrial Development Board that UNIDO should assist regional bodies by including preparatory activities at the regional level in connexion with industrial sector consultations.

7. May I now, Mr. Chairman, offer some observations regarding the African Industrial Development Fund. The African Ministers of Industry, at their Nairobi meeting, interpreted the Lima target for Africa as an increase in the region's share of world industrial production from the current 0.6 per cent to 2 per cent by the year 2000. This target implies that the growth rate of 5.6 per cent per year obtained during the period 1960-1975 be stepped up to some 11-12 per cent during the 25 forthcoming years.

8. Recognizing the fact that financing such an enormous industrial expansion may be one of the bottlenecks, the Ministers called for the mobilization of additional resources by African Governments and inter-governmental organizations in Africa as well as from other appropriate multilateral and bilateral sources of funds in the industrialized countries through the establishment of an African Industrial Development Fund. However, in view of the fact that the Second General Conference of UNIDO had also called for the establishment of an International Industrial Development Fund, the Nairobi Conference requested OAU, ECA, and UNIDO to study the ways and means of implementing the recommendations and to define the links between the African Industrial Development Fund and the proposed International Industrial Development Fund under the auspices of UNIDO. As far as the latter is concerned, the Industrial Development Board has reached an agreement for recommending its establishment to the General Assembly at its current session.

9. Mr. Chairman, some work has already been initiated in connexion with the regional fund. However, I feel a more in-depth study is called for. On this subject as well as on the three other inter-country projects, all of them to be regional operational instruments whose main purpose is to develop collective self-reliance in Africa, I look forward to the guidance of this Committee.

Thank you.

UNIDO Paper on the System of Consultations  
for the Third Meeting of the Follow-up Committee  
on Industrialization

I. THE HISTORICAL BACKGROUND

1. Mandate given UNIDO by Lima and General Assembly Resolution

The new economic relationships being forged during the mid-seventies and their future orientation towards a more equitable economic order where developing countries would have an increasing share in world industrial production thus enhancing their self-reliance, provided the major impetus to devising a system of consultations as an essential instrument in reforming the old economic order.

Even before the Second Conference of UNIDO at Lima, important decisions were taken by developing countries at regional and international levels: the Second Conference of African Ministers of Industry, held in Cairo in December 1973, which was followed in September 1974 by the First Meeting of the Follow-up Committee in Addis Ababa, called for the organization of the processes of consultations and negotiations in the field of industry. The Arab Ministers of Industry, at their Third Conference in Tripoli in April 1974, voiced the need to establish appropriate machinery for promoting all forms of co-operation among developing countries in the field of industry. The Ministers of Industry of the Asia and Pacific Region adopted a declaration in Bangkok in October 1974, which - inter alia - underscored the need to relocate selected industries from developed to developing countries, and the creation of new and more effective mechanisms for continuous and intensive consultations between the developing and developed countries. Latin American countries held a conference on Industrialization in Mexico City in November 1974 which also expressed the need to establish institutional machinery to facilitate economic co-operation among developing countries.



Finally, the Group of 77 - at its Second Ministerial Meeting in Algiers in February 1975 - adopted a Declaration and Plan of Action which called for a system of continuous negotiations and consultations at global, regional, and sectoral levels as a major tool in facilitating the implementation of a new international economic order. It called upon UNIDO to function as a forum for negotiation of agreements between developed and developing countries and between developing countries themselves.

It is clear that prior to the Second General Conference of UNIDO there already existed a clear and common appreciation of the problem facing developing countries in redefining existing economic relationships and of the potential contribution that a workable system of consultations and negotiations could make to achieving a new international economic order (in para. 61 (d) of the Plan of Action).

The Second General Conference of UNIDO recommended and the Seventh Special Session of the U.N. General Assembly (Resolution 3362 S-VII) endorsed the proposal calling for UNIDO to establish a system of continuing consultations at all levels (global, regional and sectoral). UNIDO should also be prepared to serve as a forum of negotiation of agreements between developed and developing countries and among developing countries at the request of the countries concerned. The principal aim of the system of consultations would be to increase the share of developing countries in total world industrial production to 25% by the year 2000.

2. Mandate given by the agreed conclusions of the Third Conference of African Ministers of Industry (Nairobi, 12-22 December 1975) paragraph 43 (b):

The Third Conference of African Ministers of Industry assigned the Follow-up Committee a focal role in advising on the design of the system of regional consultations and negotiations as a principal instrument for speeding up the implementation of the Lima Declaration and Plan of Action as it applies to the African region (i.e. raising Africa's share in world industrial production from barely 0.6% to 2% by the year 2000) within the framework of the New International Economic Order. To this end, the Follow-up Committee on Industrialization which has been enlarged to include 12 members is to act as the principal African instrument in these consultations. Furthermore, the Third Conference of African Ministers (para. 72 of the Account of Proceedings, p. 13) stressed that UNIDO should play a major role in the consultations, and that the ECA/UNIDO Industry Division should take an active part in servicing the Follow-up Committee in this task.

II. THE UNIDO APPROACH IN IMPLEMENTING THE MANDATES GIVEN TO IT UNDER THE LIMA DECLARATION AND PLAN OF ACTION AND THE AGREED CONCLUSIONS OF THE THIRD CONFERENCE OF AFRICAN MINISTERS

1. In conformity with the various legislative resolutions at Lima and the General Assembly, a Negotiations Section was established on 1 January 1976 which was entrusted with overall responsibility for setting up and operating a system of consultations in the field of industry at the global, regional, inter-regional and sectoral levels between developed and developing countries and among developing countries themselves. The mandate given UNIDO in the Lima Declaration and subsequently endorsed in General Assembly Resolution 3362 (adopted at its seventh special session) has, as already stated, a two-fold objective: to increase the share of developing countries in world industrial production through a world-wide deployment of industrial production by broadening the base of effective international co-operation and concertation, and the creation of new industrial capacities thus enabling

developing countries to achieve the target of 25% of world industrial production as stipulated in the Lima Declaration and Plan of Action. The second objective is to enable UNIDO to serve, upon request of the Government concerned as a forum for negotiation of agreements between Governments. It is important to stress here the distinction between consultations and negotiations: in the former UNIDO plays the catalytical role, in presenting and developing the major issues to be raised in a sectoral consultation and to stimulate broad agreements in areas of consensus; the latter depends on the final outcome of the consultation and the wishes of the parties concerned, which would request UNIDO to convene a negotiation meeting.

2. In March 1976, UNIDO presented to the Industrial Development Board under document ID/B/162 the proposals for establishing a system of consultations including the procedural steps and institutional arrangements for operating such a system at the sectoral, regional, inter-regional, and global levels: - in brief, the proposals described the subject and expected result of consultation meetings at the various levels. The institutional machinery suggested covered the following:

- Permanent Industries Sector Committees, which would direct and co-ordinate sectoral consultations; on the overall objective of reaching agreement on the contribution that each sector would make to achieve the redistribution of industrial activities and to determine the specific conditions for ~~or~~ the agreements required in the crucial fields of finance, technology and equipment, formation of skilled manpower, infrastructure, and trade relations; secondly, it was envisaged to establish a Permanent Commission on Industrial Consultation whose main task could be to provide a forum for global consultation and to examine the global implications and to provide guidelines for co-ordinating the activities and programmes of the system as a whole.

- Thirdly regional committees have been established by the Ministers of Industry of developing countries and are expected to function as the focal point for co-ordinating in the regions the implementation of the Lima targets.

3. The Industrial Development Board in examining at its Tenth session in April 1976 the UNIDO Secretariat's proposals deferred consideration of the institutional machinery for the consultation system; it adopted a consensus resolution in which while it recognized the permanent and

continuous nature of industrial consultation, it considered necessary that a step-by-step approach was advisable in the early stages of implementing a system of such complexity and scope. Consequently, taking into account the priority sectors indicated in the Lima Declaration and the varying capacity of the developing countries to benefit therefrom, the Industrial Development Board authorized the Executive Director to organise on an experimental basis, consultation in industrial sector. These consultations would include as appropriate representatives from Government, industry, and labour from interested countries and reflecting different socio-economic systems. As already announced by the Executive Director during the UNCTAD IV Conference at Nairobi last May consultation meeting will be carried out in the following sectors in the biennium 1976/1977:

- Fertilizers: 17-21 January 1977;
- Iron and Steel: 7-11 February 1977;

In addition, consultation meetings in agro-based industry and leather are programmed for the remainder of 1977. Invitations will be issued shortly to all Governments in Africa as well as African Regional Organizations, financial and banking institutions to take part in these consultation meetings.

4. So much for the historical background. Now may I turn to the methodology for preparing these industrial sector consultation meetings. It will be realized that, unlike consultations which have taken place in commodities under the aegis of UNCTAD, industrial sector consultations have no precedent in world economic relationships. Its success so crucial to the goal of developing countries in achieving economic self-reliance, hinges upon careful and meticulous preparation of the issues to be raised and discussed at the sectoral consultation meeting. These issues would take stock of the requirements of the developing countries in obtaining the financial resources, in acquiring the technology and know-how, in up-grading and forming new technical skills and in exploring for new raw materials. These are basic pre-requisites to enable a particular sector to contribute effectively to the achievement of the 25% target. Another crucial factor for the success of industrial sector consultations is that the developing countries become fully cognizant and aware as to the objectives and the expected outcome of the consultation meetings. The outcome, we

believe, should lead to specific proposals for agreements related to expanding productivity in a particular sector.

5. Now, how do we intend to prepare the ground for these consultation meetings?

There are two distinct, but closely inter-related stages: one is the study phase of the sector; the other concerns the assessment of the sector for the purpose of extrapolating certain known and given issues that are of major interest and concern to developing and developed countries. Let us take as an example the consultation on the Fertilizer Industry: a comprehensive study of the potential world-wide development of the fertilizer industry to the year 2000 has been recently completed by the International Centre for Industrial Studies (ICIS), in co-operation with other U.N. bodies and regional bodies (such as ICA) competent on the subject. The world-wide sectoral study on Fertilizers will, inter alia, delve into such factors as fertilizer consumption and production to the year 2000, raw materials, organic fertilizer materials, marketing, location of fertilizer plants, manpower, policies for fertilizer industry development. Taking the study as the point of departure, and on the strength of the advice and experience in UNIDO, and in other international and regional bodies, world authorities on the subject, UNIDO will prepare a provisional and suggested list of issues for the fertilizer sector. This may include, as an illustration, the following:

- The future distribution of world fertilizer production between developing and developed countries
- The construction of new fertilizer plants in developing countries 1975 - 2000
- The operation of fertilizer plants in developing countries at high rates of capacity utilization
- The financing required to build fertilizer plants in developing countries 1975 - 2000
- The stability of fertilizer prices
- The alternative approaches open to developing countries with small fertilizer markets
- The production of organic fertilizer in developing countries
- The interests of labour and trade unions in developing and developed countries.

With the completion of the world-wide sectoral study and the statement of issues (stated as alternative measures for action by developing and/or developed countries), UNIDO will then convene a Preparatory Meeting of 25-30 Government experts (from 8-12 November 1976) to advise UNIDO on the final selection of the priority issues. The participants, invited to attend in their individual expert capacity, will be selected on the basis of broad geographical distribution, and of the actual or potential role of the participant expert as a producer or consumer of fertilizer; the Government participant should be aware of his country's current plans and of its future policy concerning the development of the fertilizer industry. The following OCA member countries have been invited beginning October to the Preparatory Meeting for Consultations of the Fertilizer Industry:

- Algeria
- Egypt
- Morocco
- Nigeria
- Senegal
- Sudan
- Tanzania
- Tunisia

It is hoped that every effort will be made to secure full and adequate participation in this first important undertaking.

6. Following the preparatory phase when the priority issues and/or alternative for the development of the fertilizer industry have been identified and the possible ways and means to achieve broad co-operation and agreement between developing and developed countries and amongst developing countries themselves, the way is clear for convening the consultation meeting itself. In the case of Fertilizers, this will be held in Vienna from 17-21 January 1977. It is an inter-governmental meeting of 150 to 200 Government representatives, all U.N. and UNIDO member countries. Government representatives will have before them the world-wide sectoral study, the report of the Preparatory Meeting containing the list of priority issues finally retained for the consultation meeting together with supporting background data and documentation on each issue. The outcome of the consultation meeting, it is hoped, will lead - inter alia - to the adoption of measures by the developing countries to increase their share of total

fertilizer production by considering the number and type of new fertilizer plants to be established up to the year 2000, and secondly, to make specific proposals on broad agreements which may be reached between developing and developed countries and amongst developing countries themselves in the area of project financing and investment, transfer of technology and know-how, manpower training and up-grading of skills, raw material exploration and exploitation, etc.

7. It should be stressed here what the consultation meeting is not: it is not a seminar or symposium which reviews or considers some technological development or aspect or a seminar for the mutual interchange of ideas or experiences in a particular industrial sector; it is not confrontation. The consultation meeting is concerned with posing and cross-examining certain issues and problems that developing countries will have in achieving the target they have set for increasing their share of world industrial production for the year 2000; it is concerned with stimulating the review of these issues and problems where a consensus may exist and thus energize solutions on a global scale for the restructuring of world industrial production.

### III. REGIONAL IMPLICATIONS OF THE SYSTEM OF CONSULTATIONS

As will have been seen from the statement concerning the institutional machinery for the system of consultations - i.e. ID/B/162, the Industrial Development Board in its deliberations at the tenth session deferred consideration of the system of regional consultations till the eleventh session. However, at its resumed session, in September, the Industrial Development Board stated that UNIDO should continue to assist and support the regional bodies (such as the Follow-up Committees) in their meetings on industrialization, and that preparatory activities at the regional level should be taken into account during sectoral consultations.

2. As far as the Africa region is concerned, we would consider that the Follow-up Committee and whatever technical or negotiating bodies would be established under it, to be the focal point for developing the African position on consultations and negotiations. In this respect, UNIDO looks forward to a very close collaboration with the Follow-up Committee and the Joint Industry Division of ECA in developing a meaningful regional consultation programme which would adequately reflect the needs of the African region in achieving the target of 2% share of total world industrial production by the year 2000. The Follow-up Committee should be closely involved in defining and preparing regional consultations.

3. We do not wish to prejudge whatever recommendations would be made by the Follow-up Committee in this vital area but it is imperative to stress that a clear definition of substantive issues for possible regional consultations in Africa be developed at a very early date. This would mainly be at the technical level. However, before the technical level is reached, it is necessary that a common African position - both regional and sub-regional - be defined and harmonized on:

- (a) the national, sub-regional and regional plans for the industrial sector to be discussed at the regional consultation meetings;
- (b) the scope, form and extent of the bi-lateral (i.e. intra-regional co-operation) as well as multi-lateral arrangements required to establish additional manufacturing capacities either within national borders or on sub-regional or regional basis;
- (c) the specific difficulties confronted on a regional or sub-regional basis in establishing new manufacturing capacities;
- (d) the suggested proposals to face these difficulties and how they can be met through regional, sub-regional or inter-regional co-operation agreements.



4. To put these proposals into practice, we would suggest the possibility that the Follow-up Committee establishes two sub-committees: one, a policy advisory sub-committee on regional industrial consultations and the other, a technical negotiating sub-committee. The policy advisory sub-committee will lay down general policy guidelines on the following:

- (a) the institutional and procedural arrangements required to put the regional system of consultations on an operational basis;
- (b) it would function as an African information clearing house for consultations within the region as well as for consultations at other levels - that is global, sectoral and inter-regional levels;
- (c) it would, after consultation with the member governments concerned, existing regional institutions, regional banks and finance institutions, etc., select the appropriate industrial sectors which have been designated as priority areas for African industrial development.

5. It is suggested that this sub-committee be composed equally of African member countries who are considered as resource-rich developing countries and resource-deficient developing countries; as well as observers from existing regional bodies and institutions, regional banks, and from ECA and UNIDO and other appropriate international organizations.

6. The second sub-committee would be the main technical negotiating arm of the Follow-up Committee. It will consist mainly of government-appointed experts and technical experts designated by ECA, UNIDO and other international organizations. It would set up under it specific working groups which would make recommendations on and preparations for priority industrial sectors which have been or are under study; secondly, it would define and identify the specific issues that could be raised during a consultation meeting.

7. The recommendations, should therefore be issue-oriented and not study-oriented. In other words, the recommendations should lead either to the conclusion of intra-regional agreements or to developing and preparing the Africa position on specific industrial sectors which may come up for consultations at the global or sectoral levels.

#### IV. CONCLUSIONS

1. This is a new, dynamic and continuing effort. We expect that the present sectoral consultations in Fertilizers, Iron & Steel and Agro-based industry will not be a static undertaking. They will be followed-up by further consultation meetings every two years in which the progress achieved in the implementation of proposals are examined and monitored. These follow-up consultations may lead to examining issues which may be raised in a specific sub-sector.
2. In our 1978/1979 draft programme for consultations, we foresee that follow-up consultation meetings will be required to be held for the Fertilizer and Iron and Steel Sectors. They will be preceded by Working Groups which will deal primarily with a specific sub-sector which was recommended for further consideration during the first consultation meeting. For example: new plant construction, capital goods and technology, product development and marketing, etc.
3. We also intend to cover in the coming biennium new sectors such as Capital Goods Industry, the Pre-fabricated Metal Industry, Agricultural Machinery Industry and Pharmaceutical Industry. The consultation system should thus be seen in the context of a new but expanding and dynamic activity with an important "multiplier" effect. If successful, developing countries will increasingly rely on the consultation mechanism as one of the new negotiating instruments for achieving the new international economic order and for developing new economic relationships between the developing and developed countries based on justice, equality and the avoidance of economic and political exploitation.

4. In the present economic climate, where many industrialized countries are facing financial difficulties and with slackening growth projections in the developed countries, the system of consultation should be viewed not as an instrument of confrontation but as a means for increasing industrial co-operation which would result in a more equitable redistribution of industrial capacities.

DRAFT REPORT  
OF THE THIRD MEETING OF THE FOLLOW-UP COMMITTEE ON INDUSTRIALIZATION  
IN AFRICA

Opening of the meeting

1. Opening statements were made by the Executive Secretary of ECA, the Executive Director of UNIDO, the OAU Assistant Secretary-General for Economic and Social Affairs and the representative of WIPO. The ECA Executive Secretary reviewed past industrialization strategies in the African region, indicated their fundamental deficiencies as far as the implementation of internally self-sustaining industrial development was concerned and proposed the adoption of an integrated and comprehensive industrialization policy accompanied by programme of action supported by programmes in the metal, chemical, engineering and building materials industries in addition to the continuing programmes in agro-industries.
2. The Executive Director of UNIDO emphasized the importance for the African region of the consultations to be organized by UNIDO in pursuance of a decision taken at Lima and endorsed by the General Assembly at its seventh special session. He also stressed that any effective industrialization strategy should be integrated to the greatest possible degree with agricultural development.
3. The OAU Assistant Secretary-General stressed the paramount importance of self-reliance and the need to restructure the industrial policies of African countries with particular emphasis on those industries in which the African region had resources and capabilities. He stressed that the development of such industries must primarily be based on domestic and regional markets and that every possible action should be undertaken to stimulate domestic demand through material incentives and advertising to introduce new products.
4. The Committee recognized that progress towards the achievement of the 2 per cent target under the Lima Declaration and Plan of Action involved a gigantic task which would require mobilisation of financial resources, technology and skilled manpower within the African region.

5. The representative of UNIDO outlined to the Committee UNIDO activities relating to the planned sectoral consultations on the redeployment of industrial production in the coming three years, including the planned consultations on fertilizers and iron and steel early in 1977, with other sectoral consultations to follow, mainly in the field of agro-based industries, pharmaceuticals, capital goods and so on. He re-emphasized the importance of African participation in the consultations and noted that a number of African countries would participate in the meetings planned for the preparation of the consultations on iron and steel and fertilizers.

#### AGREED CONCLUSIONS

1. In order to enable African countries to achieve the Lima targets for industrialization, it is essential that industrial policy should be restructured so as to place priority on collective self-reliance at the national, subregional and regional levels. In order to do so, African countries are urged to give particular priority to the training of industrial manpower, and to adopt policies and programmes to ensure harmony as between agricultural and industrial development and to inculcate discipline and austerity particularly in the use of financial resources, so that surplus savings can be used to serve self-reliance in industrialization. In the new policies and strategies particular emphasis should be given to regional economic and industrial co-operation, in particular, through the establishment of multinational industrial projects to ensure adequate complementarity and avoid excess capacity in industrial plants.

2. The Committee also agrees that African countries should participate fully in the sectoral consultations planned by UNIDO within the context of a multiple strategy for industrialization in the African region. Both for the regional and for the sectoral consultations adequate national, subregional and regional machinery should be established.

3. The Committee endorses the following four programmes formulated by ECA as a basis for achieving integrated industrialization:

- (a) Basic metal industry development programme;
- (b) Engineering industry development programme;
- (c) Chemical industry development programme; and
- (d) Building materials development programme.

4. It approves the following action programmes:
  - (a) Comprehensive studies in each of the above areas to establish the stage of development so far reached in Africa and to determine the linkages among these branches and with the rest of the economy, training needs and steps to be taken to meet those needs;
  - (b) On the basis of the studies, preparation of integrated comprehensive industrialization policy and a programme of action for implementation;
  - (c) Organization of an intergovernmental meeting of experts from ministries of industry and planning to consider the industrialization policy and the programme of action;
  - (d) An invitation to experts from member States and other developing regions to prepare project, programmes and policy papers for national and multinational implementation within the framework of the agreed strategy and to provide advice on the rationalization of industrial development, for submission to the fourth Conference of African Ministers of Industry and later to the OAU Summit; and
  - (e) An invitation to African Governments to release national experts from time to time to be seconded to ECA and OAU on request for the implementation of the above decisions.
  
5. The Committee endorses the draft project documents on the African Centre for Industrial Consulting, Engineering and Management and the African Centre for Industrial Design and Manufacturing and urged ECA, UNIDO and OAU with the financial support of UNDP to organize the planned field missions immediately and ensure that all countries are made aware of the mission in advance, to make it possible to identify countries which wish to receive the mission.
  
6. On the subject of the transfer and development of technology, no specific document was submitted. Reference was made to past resolutions by the OAU Conference of Heads of State and Government, the Conference of African Ministers of Industry and UNCTAD. In view thereof, an inter-agency

working group had been formed by ECA comprising also UNIDO, UNCTAD and UNESCO to make adequate preparations for the establishment of the Centre. The working group was to mount a field mission to hold consultations with Governments and then submit a report which would be the basis for determining the structure and modalities of the Centre. The WIPO representative made a statement on the available information on patents, referring to WIPO's responsibility in documentation and the protection of inventions and industrial property at the international level. The attention of the Committee was drawn to the forthcoming meeting for the revision of the Paris Convention on Inventions. In conclusion the Committee recommended that the African Governments should take a keen and active interest in that meeting.

7. The Committee had before it a document on the establishment of an African Industrial Development Fund whose main function would be the financing of preinvestment studies, as part of the group of projects endorsed above. The Fund document was endorsed with minor changes to the effect that the sources of finance should include a provision for charging fees. The points stressed by the Committee included the possibility of associating the Fund with the African Development Bank, and how the Fund could best accomplish its main objective of implementing the Lima Plan of Action in the African region. In conclusion, the Committee agreed that the issues raised should be the subject of thorough investigation by the exploratory field mission and should not prejudice the outcome of the findings of that mission.

Note on UNIDO's Statement - Item 4 (a): Implementation of the Lima Declaration and Plan of Action at the African Regional Level - Monitoring Africa's Progress towards the Achievement of the Target Share within the Framework of the Lima Declaration and Plan of Action.

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The Committee recognized that the African countries have to exert tremendous efforts towards the achievement of the 2 per cent target as expressed by the Lima Declaration and Plan of Action. It was emphasized that these efforts should concentrate on:

- long-term global development strategy;
- diversification of industrial output;
- mobilization of available resources;
- development of trade;
- reform of institutional infrastructure.

Further, African countries are urged to harmonize agricultural and industrial development and to give priority to the training of manpower.

The Committee approved the undertaking by ECA of the following sectoral studies as a first step towards an integrated development strategy:

- basic metal industries;
- engineering industries;
- chemical industries;
- building materials industries.

The studies will serve as a basis for the initiation of a regional development strategy, of possible industrial co-operation schemes, for the determination of training needs and as inputs into the system of consultations.

It was stated by UNIDO that concurrently a long-term project was initiated to study the implications of, and conditions for, the realization of the global industrial targets for the developing world to be achieved around the year 2000. Various approaches, at the global, at the regional and at the national level will have to be used in studying this question. To this end, the first steps taken during 1976 were devoted to the arrangement for the construction of a consistent framework which consists of the setting-up of a relatively simple model within which various country studies can be fitted. This framework defines also the requirements for each country so that co-ordination will be possible within the global consistency framework. Consequently, the industrial growth potential of the developing countries taken as groups or separately will be analyzed in order to assess what resources and efforts will be required



and what policies will have to be adopted to reach the targets. In this connexion the International Centre for Industrial Studies has initiated the undertaking of a series of in-depth country studies of long-term industrial prospects and potential of selected developing countries.



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