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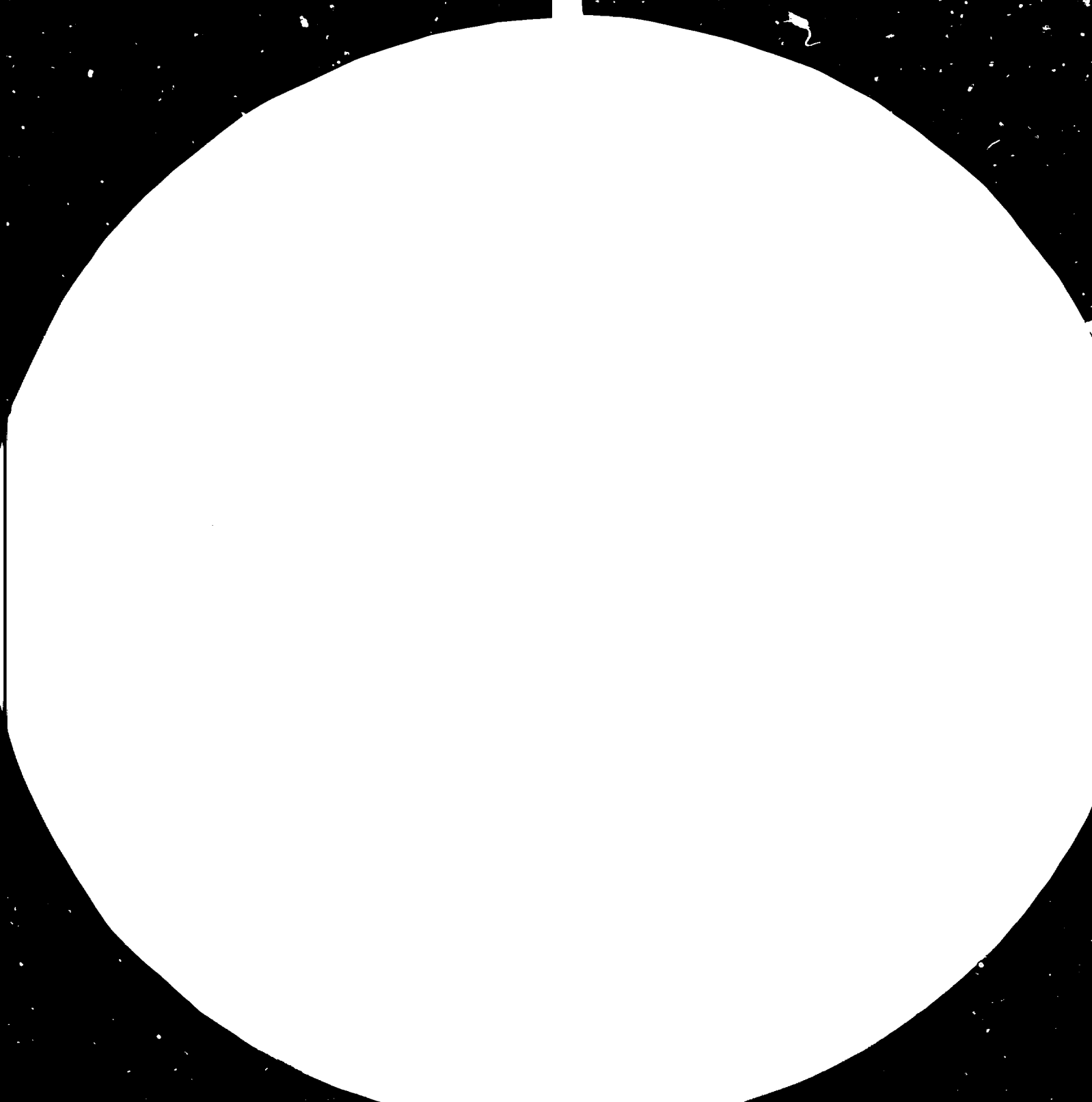
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**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**

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*Item 6*

**THE INDUSTRIAL DEVELOPMENT DECADE  
FOR AFRICA:  
REVIEW OF PROGRESS, AND PROPOSALS  
ON WAYS AND MEANS TO ATTAIN ITS OBJECTIVES**

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**ISSUE PAPER**

Item 6 of the provisional agenda

THE INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA  
REVIEW OF PROGRESS, AND PROPOSALS ON WAYS  
AND MEANS TO ATTAIN ITS OBJECTIVES

Issue paper prepared by the UNIDO secretariat  
in consultation with ECA and OAU

## INTRODUCTION

1. In the Lima Declaration and Plan of Action on Industrial Development and Co-operation, adopted at the Second General Conference of UNIDO (A/10112, chap. IV), an overall minimum target of 25 per cent of world production was set by the year 2000 for the developing countries. Within that figure, a minimum target of 2 per cent was established for the African region. This target was strongly reaffirmed in the New Delhi Declaration and Plan of Action on Industrialization of Developing Countries and International Co-operation for their Industrial Development (ID/CONF.4/22 and Corr.1, chap. VI), adopted at the Third General Conference of UNIDO, on which occasion a resolution was adopted on the Industrial Development Decade for Africa (*ibid.*, chap. IV, para. 276). Subsequently, the Heads of State and Government of the Organization of African Unity (OAU) and the United Nations General Assembly, in its resolution 35/66 B, proclaimed the 1980s as the Industrial Development Decade for Africa.

2. The embodiment of the 2 per cent target in the programme of the Decade displays three important features. First, as underscored in the Lagos Plan of Action for the Implementation of the Monrovia Strategy for the Economic Development of Africa (A/S-11/14, annex I), it reaffirms industry as a priority sector and places industrialization in a central position in the overall plans of the African States for their long-term development by setting out a concerted series of measures for the development of manufacturing along with all other economic sectors. Secondly, it sets out a time-path for the achievement of the 2 per cent target by including the subsidiary targets of 1 per cent for 1985 and 1.4 per cent for 1990. Thirdly, and most significantly, industrialization is to be achieved by a programme of collective self-reliance among the African countries. Self-sufficiency in the food, building materials, clothing and energy sectors is to be achieved by the end of the present decade, while foundations will be laid for the phased development of the basic industries essential to self-reliance: food and agro-industries, building industries, metallurgical industries, mechanical industries, electrical and electronic industries, chemical industries, forest industries and energy industry.

## I. ECONOMIC AND INDUSTRIAL DEVELOPMENT IN AFRICA

Impact of the current recession

3. The share of manufacturing in the region's gross domestic product (GDP) is still appreciably lower than the comparable average for all other developing countries, while agricultural performance has dropped badly, bearing little comparison with the previous decade or with performance in other developing regions. As many as 26 of the world's least developed countries are in this region. This has contributed to the lower growth rates in Africa.

4. The impact of the global economic recession has made the situation even worse. Africa has recorded negative rates of growth. 1/ Heavily dependent for its export earning on sales of primary commodities, Africa has been

heavily afflicted by falling prices and reduced demand for them in the markets in the North. High interest rates have aggravated the debt situation in several countries. Official development assistance (ODA) from developed countries, in practice dependent on favourable conditions in those countries, has been hit in recent years by the recession in the North. In 1980, Africa accounted for 33.4 per cent of ODA receipts, but this included flows from donors outside the Organisation for Economic Co-operation and Development (OECD). This share is lower than in 1975, when it was 36.9 per cent. The real values have also declined on account of inflation.

5. In 1975, the African region had a share of 0.88 of the total world manufacturing value added (MVA) and by 1982 this had risen to 1.11 per cent. This figure is, in fact, in excess of the 1 per cent target for 1985 embodied in the Lagos Plan of Action, and at first sight, therefore, the subsequent targets of 1.4 per cent for 1990 for Africa and 2 per cent for the year 2000 do not seem unattainable. It should be recalled, however, that the relative nature of the target means that, without a sustained recovery of the world economy, the actual MVA of Africa in absolute terms may yet remain small and may thus make little contribution to the overall development of this region.

6. The expansion of manufacturing output in the region has been hampered by sluggish domestic markets, inadequate raw material supplies for key industries, the absence of skilled and experienced industrial manpower, and shortages of imported materials, spares and machinery. The generally stagnant nature of the domestic economies has inevitably depressed industrial investment and, in turn, future expansion.

## II. CONSIDERATIONS FOR THE IMPLEMENTATION OF THE PROGRAMME FOR THE INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA

7. Notwithstanding the constraints of the present unfavourable international economic environment, the programme for the Industrial Development Decade for Africa, 2/ adopted by the Sixth Conference of African Ministers of Industry for the implementation of the Decade, is expected to contribute to the acceleration of the industrialization process in Africa. It is predicated upon a decisive move towards the integrated development of the human resources, institutional mechanisms and technological capabilities required to make effective use of the natural resource and raw material endowments of the region, expanding local markets, enlarging the range of complementarities and strengthening links between industry and other sectors of the economy. In the programme, each country is urged to adopt a national strategy based on a set of carefully selected core industries appropriate to its resources and raw materials (in particular, energy), complemented by strategic support projects, while intensifying subregional co-operation in the development of other industries. Carefully planned, this strategy of collective self-reliant and self-sustaining development should lead to a mutually reinforcing system of production in the region in keeping with the objectives of the Lagos Plan of Action.

#### A. New investment in industry

8. Total new investment in industry over the decade is estimated at \$US 140,000 million, of which \$US 99,000 million is allocated to specific industries. Of this amount, \$US 27,000 million is allocated to energy equipment (to meet an increased electricity output of 64,000 megawatts), \$US 19,450 million is allocated to transport and telecommunications equipment, and \$US 11,820 million is allocated to metal production (mostly iron and steel).

9. Together these three product groups account for almost 60 per cent of the total allocated investment in industry. An investment in food processing of \$US 568 million is expected to provide, inter alia, an additional 26 million tons of cereals and tubers. In textiles and textile machinery investment is estimated at \$US 6,300 million, and in pulp and paper and other wood products the figure is \$US 8,530 million, slightly less than the investment in building materials (cement, structural steel and glass) of \$US 8,750 million. An investment of \$US 3,750 million in fertilizers is estimated to provide an additional 4.9 million tons of output. Self-sufficiency in agro-engineering equipment will increase with an investment of \$US 5,266 million. In core engineering industries, an investment of \$US 1,295 million has been estimated for 1980-1990.

10. Although it is encouraging to note that the African Development Bank has earmarked \$US 1,000 million for financing industrial investment projects in Africa in the period 1982-1986, attempts should be made to increase domestic savings as well as investment in industry at the national level. Domestic endeavours, however, must be matched by comparable efforts on the part of bilateral and multilateral agencies so as to ensure that the essential foreign exchange requirement is met.

11. It is essential for the African countries and regional organizations to adopt new approaches in the preparation of investment projects that attract both local and foreign investors. In this connection, the preparation of sound core industrial projects takes on particular importance. Since most financing institutions are more prepared to discuss projects submitted by the countries concerned, the African countries should take it upon themselves to put forward and follow up on their requests to industrial financing institutions and donor agencies.

#### B. Raw materials

12. Although rich in reserves of many natural resources, industrial processing of raw materials within Africa remains at a relatively low level, whereas a large part of African exports consists of raw materials to be processed elsewhere. That this legacy of the colonial period has continued may to some extent be seen as a result of control by transnational corporations over many African natural resources. The African countries tend to lose in two ways: by forgoing the value added by domestic processes and by having to reimport the exported raw materials in processed form.

13. The processing of fruits, vegetables and many other foodstuffs would help to alleviate storage and waste problems. Increased processing of cotton and other natural fibres available in much of Africa into textiles and wearing



apparel could help to reduce the large import bill for synthetic fibres. Increased wood processing would provide material for the manufacture of household furniture and for the construction industry, while metal processing would aid the development of the metal-product industries.

14. Experience has shown, however, that many African enterprises have been forced to operate well below capacity for want of raw materials. This situation could be overcome by adopting a multinational approach to the establishment or revitalization of core industries, whereby trade in agricultural and mineral raw materials within the region could be promoted so as to support local industries rather than a continuation of the current externally oriented trade pattern.

#### C. Human resources

15. Though its ratio of resources to population is the most favourable in the world, Africa lacks skilled men and women in all areas to ensure the effective development of its natural resources. At the High-Level Expert Group Meeting devoted to the accelerated development of human resources for industrial development held preparatory to the Fourth General Conference, it was agreed that Africa should be accorded special attention in that regard. It was noted that:

(a) The tertiary education capacity in Africa fell far short of industrial targets;

(b) Most countries of Africa were still at "first base" when it came to industrialization and the problem was how they could build and improve their industrial technological capacities;

(c) There was a case in Africa for regional collaboration between countries on the lines of the three institutes that had been initiated for design, technology and industrial training research;

(d) The priorities of Africa were the development of skills with immediate useable value at high and middle levels, with the policy based on the identification of critical skill levels. Technology and literacy programmes should support those priorities (ID/WG.394/8, para. 42).

#### D. Technology

16. Perhaps more than in other regions, Africa's industry is heavily dependent on Western technologies. They are often inappropriate to regional conditions. Instead of maximizing the use of Africa's abundant labour supplies, these technologies tend to be intensive in skills, management, capital, imports and energy.

17. As indicated in the issue paper on the strengthening of scientific and technological capacities for industrial development in developing countries (ID/CONF.5/5), special assistance will have to be provided to African

countries in the development of technological capabilities. Attention is also drawn to the proposal that developing countries should aim at devoting 1.5 per cent of their GNP to research and development by 1990, reaching a minimum level of 2 per cent by 2000.

#### E. Energy

18. It is estimated that the accumulated consumption of coal, petroleum and natural gas would lead to exhaustion of the three resources in the years 2113, 2012 and 2037 respectively. To the extent that petroleum is relied upon as a source of export earnings for the future, the date of resource exhaustion will be brought even nearer.

19. Africa is endowed with abundant new and renewable sources of energy, especially hydroelectric, solar, wind and geothermal energy. For example, it is estimated that Africa possesses about 35 per cent of the world's potential hydropower resources, of which only 1.5 per cent is currently exploited. The utilization of its hydropower potential is therefore a matter of priority for Africa. The need for an intensification of efforts in this area is apparent and one of the recommendations contained in the issue paper prepared for agenda item 5(d) of the provisional agenda (ID/CONF.5/15) is that UNIDO should initiate programmes related to the utilization of hydropower for industrial development, including mini-hydro development programmes.

20. Oil-importing African countries face severe foreign exchange shortages, and energy supplies to industry have often become inadequate. Africa is a net oil exporter - even in tropical Africa exports of crude oil exceed imports. The willingness of oil-exporting countries to co-operate, for example by allowing importing countries to pay part of their imports in their local currencies, could alleviate the problems of the African region.

### III. NATIONAL AND REGIONAL ACTIONS

21. A projection of supply and demand for selected priority product groups is furnished in the annex to the present document. The magnitude of the demand in priority sectors and the need to conserve scarce resources underscore the necessity of concentrating on specific core industries.

22. Resource-based core industries, for example, those related to food processing, leather products, wood-based products, textiles and clothing and pulp and paper products, are comparatively labour-intensive and hence within the reach of African countries. The engineering-based industries comprise, in the first instance, those producing general-purpose machine tools, and providing such facilities as foundries, forging units, heat treatment and metal coating and machine shops.

23. Alongside concentration on core-industry projects, priority should be given to the development of associated capabilities. The attainment of self-reliant and self-sustaining industrialization calls for the development of an effective industrial co-ordinative machinery which will ensure that the objectives of the Decade are incorporated in national development plans, and

for the establishment of machinery to ensure full implementation of the programme for the Decade. The preparatory steps to be taken at both national and subregional levels have been outlined in the programme and in the guidelines for initiating priority actions. Special emphasis needs to be placed on involving local industrial and business communities in institutional arrangements for the Decade.

24. As regards industrial policies and strategies, the main accent would have to be on the development of a self-reliant production system (including the development of domestic and export markets), on the basis of the development of human and natural resources and of autonomous technological capabilities. 3/

25. In addition to correcting the imbalance between current educational and training outputs and industrial development needs, particular attention will also have to be directed to the provision of consultancy, management, technical information and extension services so that appropriate financial, technical and marketing advice can be given to enterprises at various levels.

26. Each country may select core industries and projects from those mentioned above, taking into account perspectives and markets at the national and subregional levels, within specific time frames. Given that some countries do not dispose of the resources to establish such industries, while others do not have large enough markets, by pooling resources and establishing multinational industries the countries of Africa would not only overcome the current constraints upon their industrial development but would also contribute to the realization of self-reliance and self-sustained industrialization. A first step towards the development of an integrated multinational core industry programme was made with the organization of subregional meetings on the promotion of intra-African industrial co-operation in the four subregions. Subregional core industrial and support projects identified in the meetings relate to equipment for agriculture, transport, communications and energy generation and transmission; fertilizers, pesticides and pharmaceuticals; iron and steel and other metals; building materials; and energy, particularly hydroelectric power.

27. It is important to improve key training institutions so that they can become subregional and regional "centres of excellence" in specific industrial subsectors and areas - all the more so since the African countries generally have to contend with similar educational and training problems. This will make for an effective sharing of experience and utilization of facilities and for the best use of available financial and institutional resources.

28. Africa is seriously lacking in a transport and communication infrastructure.\* In all but a handful of the more than 50 countries of the region, GNP is small because of the combined effects of low income levels and small populations. Thus, individual markets for industrial goods are limited and for many products the economies of scale required for efficient production cannot be met. Resolving this problem calls for greater integration of the

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\* Although efforts are being made in this respect within the framework of the Transport and Communications Decade in Africa (1978-1988).

African economies and co-operation among the countries of the region. Such steps to increase market sizes may be hampered by a lack of political will on the part of Africa's leaders. A further obstacle to greater integration lies in the poor transport and communication network in the region. Large investments, requiring external resources, will be needed to alleviate this constraint, and, indeed, the investment needed in infrastructure, energy and human resource development may well exceed the direct investment requirements of industry.

#### IV. INTERNATIONAL CO-OPERATION

##### A. Contribution by the industrialized countries

29. As stated in paragraph 4 above, the share of Africa in ODA receipts declined between 1975 and 1980. Moreover, the increase in value in current terms was at an annual average rate of 7.7 per cent, a rate significantly lower than domestic inflation. Foreign exchange outflows due to debt repayments and interest charges are also increasing considerably. There is a clear need to step up ODA levels to Africa and to channel more ODA to industry and industry-related activities.

30. Full advantage should be taken of existing international mechanisms such as the World Bank, the Lomé Convention, the UNIDO System of Consultations and other multilateral and bilateral arrangements, to enhance the industrialization process in Africa. Existing agreements need to be re-examined and adjusted so as to give greater priority to the industrial sector. African countries also need to be better prepared for global industrial negotiations and the developed countries need to adopt policies and other measures that can facilitate their industrial co-operation with the African countries.

##### B. Industrial co-operation among developing countries

31. Given the current world economic situation, it is apparent that the solution to Africa's problems will not come about with an upturn in the economies of the industrialized countries alone. South-South co-operation thus takes on renewed importance. In 1980, exports to developing countries amounted to only 9.2 per cent of the total exports of Africa, an increased share compared with 1978 and 1979, but still lower than in 1975. A number of developing countries in other regions are emerging as exporters of capital goods and other industrial products that Africa now imports on a large scale from the North. Moves to diversify and shift to new supply sources (through forums such as the negotiations on economic and technical co-operation among developing countries) could greatly reduce African dependence on the North, and could be accompanied by new markets for African products.

32. An increasing number of States are embarking on technical co-operation arrangements with other developing countries in such fields as investment finance, technology, work-force and skill development, consultancy services, joint ventures and natural resource development. The organization of

solidarity meetings in selected developing countries for the purpose of obtaining the assistance of other developing countries, through specific well-prepared projects, is particularly relevant and needs to be intensified. In mobilizing financial resources for the Decade, greater use should be made of existing mechanisms in the developing countries, such as Afro-Arab co-operation. African countries should ensure that the industrial sector is given priority in co-operation arrangements with such institutions as the Arab Bank for Economic Development in Africa and the OPEC Fund for International Development.

33. Special industrial co-operation programmes need to be formulated and implemented similar to the framework between Latin American and African countries and organizations on the promotion of industrial co-operation adopted at the First International Latin American-African Symposium, held at Rio de Janeiro from 1 to 5 August 1983.

#### C. Role of international organizations

34. As can be seen from the foregoing, successful implementation of the programme for the Decade calls for the development of human and technological capabilities and the ability to mobilize financial resources, as well as the establishment or strengthening of the capabilities to service and augment the industrialization process. The agencies and organizations of the United Nations system can contribute, in close co-operation with OAU, to the fulfilment of those requirements and thus help to overcome the acute industrialization problems confronting Africa.

35. In the programme for the Decade, and in the numerous resolutions adopted by the OAU and the United Nations General Assembly on the Decade, the international organizations, especially UNIDO and the United Nations Development Programme (UNDP), are called upon to consider setting aside a portion of their resources for the implementation of special programmes of assistance to the African countries in the implementation of the programme. While the current international economic situation may place constraints on available resources, the international organizations have to make special efforts to allocate greater resources to the African region, which remains the least developed of all the developing regions of the world.

36. Greater inter-agency co-ordination is also needed in order to ensure closer harmonization of the efforts of United Nations organizations with those of OAU and of the specialized agencies in support of the Decade. The annual meetings on co-operation between the secretariats of OAU and the organizations of the United Nations system could be used for this purpose. Through such co-ordination, specific areas could be identified, for example industrial manpower, technology or mobilization of financial resources, in which joint programmes could be undertaken, thus enhancing the impact of the contribution of the United Nations system to the implementation of the programme for the Decade.

D. Role of UNIDO and the co-ordinating agencies

37. With the programme for the Decade entering the implementation phase, help given by UNIDO to the African countries and subregional organizations is focused on assistance in the preparation of investment projects, the mobilization of financial resources and the implementation of manpower, energy and technology development programmes. This entails assistance in the identification of major bilateral and multilateral funding agencies; promotion of potential industrial promotion programmes and projects among bilateral and multilateral funding agencies; organization of investment promotion meetings; organization of solidarity meetings; and follow-up, including assistance to African countries and intergovernmental organizations in their negotiations with funding agencies on selected investment projects.

38. In order to accelerate the preparatory work for and the implementation of the programme for the Decade, a comprehensive project including activities at the national, subregional and regional levels was drawn up by UNIDO in co-operation with ECA and OAU for financing by the UNDP. Unfortunately, the non-availability of funding has hindered this effort. It is, however, expected that the decision of the United Nations General Assembly at its thirty-eighth session to increase UNIDO resources by \$US 1 million in 1984 for assistance to African countries and intergovernmental organizations in the implementation of their programmes for the Decade will help to reinforce the efforts of UNIDO and the other lead agencies in the mobilization of financial resources for the implementation of activities of the Decade.

39. Within the framework of its technical assistance programme, UNIDO should intensify its support to African countries and subregional organizations through assistance in the formulation of technical assistance projects for financing from UNDP, UNIDF and other sources, the promotion of technical assistance projects among donor agencies, especially those contributing to the UNIDF, the promotion of cost-sharing projects in selected countries, the preparation of pre-investment studies, the rehabilitation of installed industrial capacities, and the strengthening of institutional industrial development machinery.

40. In the course of the above activities, co-ordination and co-operation will continue to be maintained with OAU and ECA through the ECA/OAU/UNIDO Joint Committee on the Implementation of the Programme for the Industrial Development Decade for Africa within the framework of the Lagos Plan of Action. Joint efforts in the effective co-ordination and monitoring of the implementation of the programme for the Decade will also have to be intensified, not only in Africa but also at the global level.

Notes

- 1/ See the background paper prepared for agenda item 4 (ID/CONF.5/14).
- 2/ A Programme for the Industrial Development Decade for Africa Prepared Jointly by the Economic Commission for Africa, the Organization of African Unity and the United Nations Industrial Development Organization (ID/287).
- 3/ See the report of the High-Level Expert Group Meeting on industrial development strategies and policies for developing countries, held at Lima, preparatory to the Fourth General Conference (ID/WG.391/12, annex III, para. 14).

Annex

PROJECTED SUPPLY AND DEMAND FOR SELECTED PRIORITY PRODUCT GROUPS:  
A HISTORICAL TREND SCENARIO, 1980-2008

Product group	Unit of account	Demand		Production		Imports (or balance)	
		1980	2008	1980	2008	1980	2008
<u>Food</u>							
Cereals	Million of tonnes	74.8	203.1	58.4	144.2	20.9	58.9
Roots, tubers and pulses	Million of tonnes	85.1	216.1	88.2	216.5	-	-
Meat	Million of tonnes	4.7	13.6	4.3	13.7	0.4	-0.1
<u>Capital goods</u>							
Tractors (in use)	Hundreds	253.3	801.6	n.a.	0.6	n.a.	113.2
Passenger cars (in use)	Millions	.3	29.9	n.a.	0.1	n.a.	4.3
Commercial vehicles (in use)	Thousands	1 700	19 900	16.9	60.0	n.a.	2 900
<u>Intermediates</u>							
Fertilizers	Thousands of tonnes	2 278	7 880	1 422	4 980	856	2 900
Cement	Million of tonnes	28	130	23	114	n.a.	16
Iron and steel	Million of tonnes	13.4	97.0	6.5	39.8	n.a.	57.2
<u>Pharmaceuticals</u>							
(CIF)	Billions of dollars					1.1	7.2
(Sales)		2.2	15.6				

Source: ECA projections as cited in ECA and Africa's Development 1983-2008: A Preliminary Perspective Study (Addis Ababa, Economic Commission for Africa, 1983).



