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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

**Meeting of private sector experts
on the industrialization of Africa***

Abidjan, Cote d'Ivoire
23 to 27 January 1995

FINAL REPORT**

Prepared by
the UNIDO Secretariat

* This meeting has been organized jointly by the United Nations Industrial Development Organization (UNIDO) and the African Business Round Table (ABR), in cooperation with the Government of Cote d'Ivoire.

** This document has not been edited.

V.95-51376

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I. INTRODUCTION

At the invitation of UNIDO, a "Meeting of Private Sector Experts on the Industrialization of Africa" was held at Abidjan, Côte d'Ivoire, from 23 to 27 January 1995. The meeting was hosted by the Government of Côte d'Ivoire and was co-organized with the African Business Round Table (ABR).

The purpose of the meeting was to draw on the experience of the private sector in advancing proposals on ways and means of enhancing the industrialization of Africa, in general, and the specific roles which African Governments, international organizations, the private sector and the international community, especially UNIDO, ECA, the World Bank and the UNDP, can play in that process.

It was expected that the results of the meeting would contribute to the preparations for the private sector forum to be jointly organized by UNDP and ABR, in cooperation with the ADB, ECA, OAU and other organizations, in Botswana, in connection with the Twelfth Meeting of the Conference of African Ministers of Industry.

The meeting was attended by eleven experts invited by UNIDO, eight other experts and ten representatives of international organizations, viz ADB, ECA, UNDP, the World Bank/IFC and USAID. Most of the participants were from the private sector. The list of participants is attached as Annex IV.

II. OPENING OF THE MEETING

The meeting was formally opened by His Excellency, Mr. Ferdinand Kakou Angora, Minister of Industry and Commerce of Côte d'Ivoire. Prior to his statement, speeches were made by the representatives of UNIDO, the African Business Round Table (ABR) and the Economic Commission for Africa.

In his statement which was made on behalf of UNIDO, the leader of the UNIDO delegation, welcomed participants, experts and representatives of organizations and institutions to the meeting and extended the warm greetings of Mr. Mauricio de Maria y Campos, Director-General of UNIDO. He expressed UNIDO's deep appreciation to all the participants for having taken the time off their busy schedules in order to participate and share their views and experiences on the various issues to be discussed. He paid particular tribute and appreciation to the Government of Côte d'Ivoire for accepting to host the meeting and to the African Business Round Table (ABR) for accepting to co-organize the meeting with UNIDO. He also recognized the presence of the representatives of the ADB, UNDP, the World Bank and ECA at the meeting.

The Head of the UNIDO delegation reiterated further that the convening of the meeting in Abidjan was not a mere coincidence, but a recognition of the leadership role which the country was playing in the industrialization of Africa under the leadership of His Excellency, Mr. Henri Konan Bedie, President of Côte d'Ivoire. Particular mention was made of the role which the Honourable Minister of Foreign Affairs of Côte d'Ivoire played, in his capacity as President of the United Nations General Assembly, in the commemoration of the Africa Industrialization Day by the United Nations General Assembly. He paid particular tribute to the intensification of UNIDO/Côte d'Ivoire bilateral cooperation under the leadership of the Honourable Minister of Industry and Commerce, Mr. Ferdinand Kakou Angora, and thanked the Government of Côte d'Ivoire for the excellent facilities made available to the UNIDO Office in Abidjan.

The UNIDO representative recalled the decisions of the Fifth Session of the General Conference of UNIDO and the Eleventh Meeting of the Conference of African Ministers of Industry, both calling, *inter alia*, on UNIDO to accord special priority to the industrial needs of Africa and the role of the private sector in Africa's economic development. The special role of the private sector, particularly in the industrialization of Africa, was re-emphasized and that, in view of the above-mentioned, it had become desirable to secure the views and advice of the private sector on measures which African countries should adopt in response to the various challenges facing them in the wake of global changes and mandates, such as the Uruguay Round Agreements and ISO 9000, the devaluation of the CFA Franc, the debt crises, the establishment of the African Economic Community and the World Social Summit.

He stated that the objective of the meeting was, in the main, to draw on the experience of the private sector in advancing Africa's industrialization, leading to the formulation of a support strategy and programme for the further development and promotion of the private sector. It was also to prepare its contribution to the Private Sector Forum to be jointly organized by UNDP and the ABR, in cooperation with ADB, ECA, OAU and other organizations, investment houses and financial institutions in conjunction with the Twelfth Meeting of the Conference of African Ministers of Industry.

In conclusion, he stated that the Director-General was looking forward to receiving the report of the meeting which should contain a set of concrete and pragmatic recommendations. The full text of the UNIDO statement is attached as Annex V.

In his rendition, the Secretary General of the African Business Round Table (ABR), Mr. Esom Alintah, at the outset thanked the Government of Côte d'Ivoire for creating a conducive

environment that had made it possible for a large number of private sector companies to have their headquarters in Côte d'Ivoire. That, he attributed to the commitment of the Government to private sector development.

He further called on African Governments to develop the culture and policy framework that would encourage the private sector to be fully integrated into the development process. He emphasized that Governments and their parastatals could not unilaterally carry out development. The Government/private sector partnership was essential. The parastatals should be closely involved and should be given the "were with all" to compete in the global market. Deliberate policies and efforts should be made by Governments to arrest the importation of inflation, unemployment, etc.

Mr. Alintah underlined the need of inter-African cooperation. He made mention of the various protocols and treaties on inter-African cooperation that had been adopted by the African countries at various fora, but which lacked the political will to put them into operation. Constraints to free flow of goods, services and other inputs were hindering the development of the productive sector and trade in general. The afore-mentioned notwithstanding, he emphasized the need for rationalization of activities, products as well as the location of industries. Lines of production and products should be consumer-driven and, as such, direct negotiations with the consumer should be encouraged. Finally, he appealed to multi-lateral organizations to look beyond relationships with Governments and to shift towards greater interaction with the private sector.

In the message of the Executive Secretary of the Economic Commission for Africa (ECA), delivered by Mr. Patrick Bugembe, Officer-in-Charge of the Industry and Human Settlements Division, he paid special tribute to the Government of Côte d'Ivoire and the ABR for their cooperation in the organization of the meeting. He further reiterated the appreciation of ECA to UNIDO for its initiative to put the industrial process of Africa on track.

The representative of ECA re-emphasized the role of the private sector in Africa's industrialization both at the national and subregional levels. He underlined recent global and international changes taking place that would impart on Africa's development endeavours. Those include: the democratization process; the re-integration of South Africa in the world community of nations and its influence on economic activities on the continent; regional cooperation and integration efforts in Africa; devaluation of the CFA Franc; the Uruguay Round Agreements; global economic regionalization; changing technologies and production modes; etc.

He used the platform to announce that the ECA, as lead agency in the organization of the Twelfth Meeting of the Conference of African Ministers of Industry, which would be held in Gaborone, Botswana, from 29 May to 8 June, would invite all the private sector organizations to participate so that decisions taken would have their imprint.

His Excellency, Mr. Ferdinand Kakou Angora, Minister of Industry and Commerce of Côte d'Ivoire, formally opened the meeting. In his opening address, he conveyed the greetings of the President of the Republic of Côte d'Ivoire, His Excellency, Mr. Henri Konan Bedie. On behalf of his Government, he welcomed all participants and expressed its gratitude to UNIDO for the initiative to organize that important meeting of private sector experts. He also appreciated the important role which the other organizations, namely OAU, ECA and the ADB, had been playing in the preparation of that meeting.

The Government of Côte d'Ivoire was fully supporting the dialogue between the public and private sectors. Basic needs of African countries in the fields of education, health, managing the democracy, achieving solidarity and complementarities made it important not to compete with each other. Industrialization was the only way to revalorize Africa's economic development and to generate employment in Africa.

The industrial sector was playing only a marginal role in many African countries. Its share in GDP was very small. It was therefore necessary to re-examine the strategies for industrial development and readjust its objectives. The current meeting provided a good opportunity to analyze the situation of African industry and to propose solutions for accelerating the industrialization process. Those issues recommended by UNIDO for discussion with the private sector experts addressed the major problems which African industry was facing.

The full text of the opening address by His Excellency, the Minister of Industry and Commerce is attached as Annex VI.

III. ELECTION OF OFFICERS

The meeting elected the following to the bureau:

Chairman: Mr. C. Mefe M'Ondo
Vice-Chairman: Ms. R. Sow
Rapporteur: Mr. C. Penda Ekoka

IV. ORGANIZATION OF WORK

The Secretariat presented the workplan for the meeting drawing particular attention to the Annotated Agenda (copy

attached as Annex II) and the rationale for regrouping the items. After a brief discussion, the meeting adopted the agenda and the programme of work which reflects the working hours agreed upon, attached as Annexes I and III, respectively.

V. SUMMARY OF DISCUSSIONS ON SUBSTANTIVE ISSUES

Nine working papers covering specific subjects as briefly described in the annotated agenda were presented for discussion. The list of those background documents is attached as Annex VII. The discussions resulted in recommendations directed at Governments, private sector operators and multinational organizations; at the national and subregional levels; and at the short-, medium- and long-term timeframe. It was further decided that the recommendations, as far as possible, should be put in proper sequence.

- (a) Agenda item 3(a): How to bring the industrialization process in Africa into the mainstream of global and regional concerns of direct relevance to the socio-economic development of Africa

In the absence of the two experts who were to lead the discussions on that topic, the representative of UNIDO introduced the subject. In his presentation, he acknowledged the broad scope of the agenda item and intimated that some of the issues that would be touched upon would be further addressed in greater detail under the other agenda items on specific issues. He informed the meeting that the working documents for that agenda item were Working Papers Nos. 1, 2 and 9. He further provided a brief rundown of some of the critical issues that could be considered under that item. Those issues included: current status of industry in Africa; the African socio-economic situation, poverty, health, etc; the role ascribed to industrialization in Africa's development endeavours; industry as a factor of production and development; position of industrialization in the various Structural Adjustment Programmes; conditions to be met for Africa's effective participation in the Uruguay Round Agreements and global trade; the issue of ISO 9000 and certification, standardization, quality control and technology and their relevance to global and regional trade; what African enterprises should do to penetrate world markets; environmental issues in the short- and long-term perspectives; financial resource considerations and human resource development with respect to industry and industrialization.

In the discussions that followed, reference was made to the various declarations, treaties, programmes and plans of action that have been adopted over the years by the African countries at various fora and their relevance to sustainable industrial and

socio-economic development progress. The seminar identified some of the reasons why those programmes and declarations have not done much to change the direction of Africa's development. Particular emphasis was placed on the fact that in most of those programmes and declarations, industry was marginalized and the economies were inward looking; there was a marginalization of outward oriented development; and non-traditional exports were not accorded the priority they deserved. There was no value added, a high dependency on imports and misdirection of available resources.

On the historical situation, it was the common view that, in the past, Africa's industrialization was based on import substitution units; management by the public sector; political considerations overriding economic considerations in management decision making; over-protection; lack of competitiveness, quality and certification; absence of thorough socio-economic analysis/considerations in taking decisions on operation and location of industries; and narrow markets with limited consideration for expansion and possibility or subregional/regional cooperation. Most decision makers were not often fully knowledgeable of the technology market, negotiation skills, product packaging and marketing as well as sourcing of raw materials; environmental and energy issues were not considered relevant in decision making; consideration of equipment and spare part sourcing was taken for granted; there was a lack of information in useable and easily accessible form; absence of cooperation at the enterprise, national and regional levels; lack of security in its various forms; absence of a national vision with long-term perspective. In addition to the above constraints in the creation of a viable industrial sector, the lack of sustainable capacity for technology and contract negotiations and non-accessibility of information and data were also highlighted.

Conclusion

The meeting concluded that industrialization had not made the desired impact on the economic development of the continent to the extent that it had done in other regions. The continent continued to be dependent on the export of raw materials with little processing or value-added; the small size of markets; inadequate macro-economic policies, particularly those pertaining to domestic and foreign investment mobilization as well as shift to non-traditional exportation; limited institutional and physical infrastructure; weak science and technology base and the application of the results of research and development; adverse external conditions; insufficient sustainable financing; inadequate investment environment and security.

In order to remedy the situation, it was necessary for each country to define a long-term vision for its industrial development and to adopt various measures to create a greater awareness at all levels of the population on the critical role of industry in the socio-economic development of the country. To that end, a new industrial strategy and policy framework needed to be formulated, taking into account the approach to the strategic management of the industrialization process developed by UNIDO and the Programme for the Second Industrial Development Decade for Africa (IDDA II).

The meeting recognized the importance of the linkages between industry and other sectors of the economy. It emphasized that, between industry and agriculture, agriculture was a provider of industrial inputs and also formed the basis for resource based industrialization, while industry provided important inputs for the enhancement of food and agricultural production. The industrial sector also provided important inputs to the attainment of other objectives and national programmes in the economic fields, including physical infrastructure, health, energy, education and environment.

- (b) Agenda item 3(b): The impact of the GATT Agreement on the industrialization of Africa; and
Agenda item 3(d): The impact of global technological advances on the socio-economic and industrial development of African countries

Discussions on those agenda items were led by the representative of UNIDO and Mr. P. E. Kotze, General Manager of the Industrial Development Corporation of South Africa who had masterminded the participation of South Africa in the Uruguay Round negotiations. The representative of UNIDO introduced the background documents for those agenda items which, in addition to Working Papers Nos. 1 and 2, consisted of Working Papers Nos. 3(a), 3(b), 3(c), 4 and 9. He emphasized the linkages between those items and the previous agenda item 3(a). Mr. Kotze informed the meeting of the possible impact of the Uruguay Round Agreements on South Africa's economy and indicated that South African industrialists were giving greater emphasis to the production of high value-added products based on locally available raw materials. The overall global advantage of South African industries was currently being studied by consulting firms in order to determine the impact of the changed global conditions.

In the discussions that followed, it was noted that the far reaching decisions of the Uruguay Round Agreements on global trade liberalization would require drastic structural changes of African industries. If African countries wanted to benefit positively from those Agreements, radical actions had to be taken

to improve their industrial base and the competitiveness of industrial production. That was closely related to technological developments, the standardization and quality of products, productivity, regional cooperation, development of small- and medium-scale enterprises, support services for efficient industrial development, etc. Industrial policies and strategies would also have to be elaborated and operationalized in order to reduce the potential negative impact of those Agreements on African industry.

The meeting emphasized the need for long-term industrial strategies to enable industrialists to compete with products from developed countries. To that end, Governments should, in the main, function as facilitator for competitiveness of African products not only on the export market but also on the domestic market. Governments, it was cautioned, should not interfere directly in industrial production, but should support the private sector by carrying out such basic functions that pertained to the provision of health, social services, education and physical infrastructure.

The meeting emphasized the importance of industrial clusters which were characterized by strong interlinkages between production processes, services, training, distribution, etc. The strength of industrial clusters supported by Governments and by strong private sector institutions could be very important in the enhancing competitiveness.

Conclusion

The meeting noted that the conclusions adopted under agenda item 3(a) were, on the whole, also applicable to those agenda items. In addition, the meeting emphasized the need for concerted action, at the national and subregional/regional level, in creating awareness among policy makers and economic operators on the implications of the Uruguay Round Agreements, other regional economic agreements and technological advances, including ISO 9000, on the national economy, in general, and the industrialization process, in particular. There was therefore a need for international assistance to African countries to enable them to cope with the above implications and to ensure the global competitiveness of their industrial products, both on the export and the local markets.

(c) Agenda item 3(c): The impact of the devaluation of the CFA Franc on the industrial sector in Africa

Discussions on that agenda item drew on the recommendations of the two subregional meetings organized by UNIDO in Bamako, Mali, for West Africa, and in Brazzaville, Congo, for Central

Africa, on the impact of the devaluation of the CFA Franc on the industrial sector in those countries.

In leading the discussions on the agenda item, Mr. C. Penda Ekoka, Managing Director, Business Development Services of Cameroon, at the outset, intimated the meeting that 14 African countries were members of the CFA Franc zone. The zone was further divided into two parts: the West African and the Central African zone. He further provided a detailed briefing on the current macro-economic situation within the context of the devaluation of the CFA Franc as well as the history and rationale for the devaluation.

In connection with the pre-devaluation era and the reasons for the decision to devalue, he placed particular emphasis on: the loss of competitiveness; failure of internal adjustment mechanisms; economic activities of neighbouring countries, particularly their rates of exchange (especially in those countries in Africa and Asia competing for similar markets as the CFA Franc zone Member States); and the reluctance of France to continue paying for the deficits.

On the effects of devaluation on the economy, he stated that, in as much as it was too early to assess the full impact, there were some indications. He made mention of: the negative impact on companies and enterprises relying extensively on domestic markets/outlets for their products; shift in consumption patterns; and greater utilization of local raw materials as inputs.

In concluding his presentation, he reiterated the fact that all indications were that industries which were export-oriented were bound to benefit more from the devaluation, e.g. aluminium exporters, textiles, cocoa butter as well as those that had high local value-added (the latter were rather limited).

The remarks made by Mr. Ekoka were reinforced by Mr. S. Diallo, Director-General of SADA S.A. in Mali, in respect of the situation in West Africa. In the discussions that followed, various participants reiterated the fact that assessment of the impact of devaluation, particularly statistics, were not as yet available. On the whole, the general opinion was that devaluation, especially for the West African members of the CFA Franc zone, was good for the productive sector as it encouraged the utilization of local raw materials and increased the economic base.

The afore-mentioned notwithstanding, the situation in the Central African countries indicates that the devaluation had resulted in doubling the external debt; worsened cash flow situation; increased difficulty in meeting debt obligations;

increase in commercial interest rates; expansion of the informal sector; loss of about 50% of private sector workforce; etc. It was further emphasized that the effects of the devaluation underlined the fragility of the economic base of those countries.

The meeting further appreciated that devaluation was bound to re-occur. It was therefore a sharp reminder of the need for Africa to broaden its economic base; be outward oriented; enhance subregional and regional economic cooperation; develop long-term vision that integrates the private sector in development; and foster greater cooperation among the enterprises at the regional and subregional level.

Conclusion

The meeting endorsed the conclusions and recommendations reached at the meetings held in Bamako and Brazzaville (summary attached as Annex IX) and urged the Governments and private sector in the concerned countries to implement them. It also launched an appeal to the international community to extend all assistance to the countries concerned on that matter. The meeting noted, in that regard, that the impact of the devaluation of the CFA Franc on the industrial sector was a reflection of the weaknesses in the economic structures of the countries. To that end, the conclusions and recommendations on the previous agenda items, especially in respect of a long-term vision and industrial strategy and policy were also applicable to that agenda item as their implementation would enable those countries to improve their ability to adjust to future economic changes. The meeting also recognized the positive aspects of the devaluation, especially on the industrial sector and emphasized the opportunities for greater subregional cooperation.

- (d) Agenda item 3(e): The impact of the debt crisis on Africa's industrialization and the role of industry in reaching a durable solution to the debt crisis;
Agenda item 3(h): Financial sector requirements for support to the development of the private sector in Africa; and
Agenda item 3(i): New approaches and mechanisms for increasing the flow of direct private investment resources and official development assistance to the industrial sector

In introducing the agenda item to the meeting, Working Paper No.5 on "Africa's external debt in respect of the industrial sector" which had been prepared by UNIDO was presented by the UNIDO representative. He noted that financial resource flows to Africa were very limited and a significant amount of the foreign exchange earnings of most African countries was being used for the repayment of external debt and for servicing the

debt burden. That posed a real financial constraint on the industrialization of Africa.

In the discussions that followed, it was asserted that a durable solution to the debt crisis could only be found in broadening the industrial base and increasing exports of manufactured goods. It had to be acknowledged that the debt crisis in most African countries was not of a short-term character but more fundamentally of long-term nature.

The issue of internal debt was highlighted. That issue also had to be addressed, since it was related, in particular, to small and medium enterprises.

It was also recommended that the private sector should be more involved in negotiations of loans with the international financial institutions and in the decision-making process on how to use the loans in the most efficient way.

With regard to agenda item 3(h), the representative of the African Development Bank gave a presentation on the activities of the Bank relating to the Bank's assistance to private enterprises.

Due to the growing role which private enterprises were playing in economic development, the ADB had decided to be more involved in private sector development. The Bank was therefore providing assistance to the private sector to promote efficient use of resources, through financially viable projects and to accelerate economic development.

In the discussions that followed, the meeting commended the action of the Bank in enhancing its support to the private sector by establishing the Private Sector Development Unit. A question was, however, raised in respect to the independence of the Unit, given the fact that the ADB was established as a Bank for Governments. In response, it was indicated that the Private Sector Development Unit was seen as a pilot project.

The meeting was informed that the establishment of an African Finance Corporation was under consideration. The Corporation, which would be built with capital from private business, would greatly contribute to ensuring a considerable increase of financial resources available for the private sector.

In introducing agenda item 3(i), the UNIDO Secretariat drew attention to Working Paper No. 6 in which a number of proposals had been advanced. The main issues to be discussed were related to:

- (i) The new mechanisms which should be considered at the national level in order to facilitate the funding of industrial projects;
- (ii) How Africa should take greater advantage of financial resources from international funding agencies;
- (iii) The modalities for the establishment of an African Industrial Financing Corporation; and
- (iv) The measures which should be taken to strengthen the capacities to identify, formulate and appraise industrial projects in order to assist entrepreneurs, mainly in the small- and medium-scale sector.

In the ensuing discussions, it was noted that the major problem in Africa was not the inavailability of funds for industrial development, but rather the inability of entrepreneurs to access those funds; the absence of efficient mechanisms to facilitate the mobilization of funds for industrial development; and the poor management of existing funds contributing to the lack of confidence by foreign financial institutions.

On the other hand, it was also noted that the capacity in African countries to absorb available financial resources had not been sufficiently developed. There was a lack of viable and well formulated industrial projects. In that regard, the need to strengthen capacities for the identification, appraisal, preparation and promotion of industrial investment projects was emphasized, particularly for the small- and medium-scale enterprises.

Regarding the role of the banks, it was recognized that financial investment institutions were necessary in all African countries to provide financial resources to the private sector for industrial projects. It was, however, noted that existing financial institutions in many African countries were still in the hands of the public sector or at least strongly influenced by Governments and very traditional in their methods of operation.

In view of the increasing recognition by Governments of the private sector as the engine for sustainable economic development, the mechanisms and institutions designed to finance projects in the productive sector should shift to private sector institutions, and Governments should limit themselves to fiscal policies. The decisions on the use of credit lines should be done on the basis of biddings by the banks to serve as the participating banks. The funds should be made available to those institutions offering the most efficient service.

Regarding the surplus liquidity of commercial banks, it was suggested that that issue should be addressed to Central Banks to take decisions on the possibility of using those funds for industrial projects. In that connection, there was also a need to mobilize local financial surpluses available in insurance companies, building societies and social security schemes for the establishment of special banks to finance small- and medium-scale and micro enterprises, especially in rural areas.

Conclusion

The meeting noted that the poor performance of the industrial sector in Africa was due, in part, to financial constraints. Africa's debt crisis had limited long-term flow of resources in favour of the industrial sector. In that regard, it was recognized that Africa's debt problem was rooted in Africa's poor economic performance and structural trade imbalances. The ultimate solution to the debt crisis therefore consisted of broadening the industrial base and encouraging manufactured exports, since the costs of imports, largely industrial goods and services, was increasing as opposed to the continuously declining earnings from the narrow range of Africa's raw materials.

Internally in African countries, the failure of development banks, which were mainly public institutions, and the orientation of commercial banks to short-term lending had reduced the level of financial intermediation in the industrial sector. In the African context, financial intermediation in the industrial sector had to be propelled by international long-term resources as well as the establishment of such financial instruments as credit financing, guarantee funds, risk capital and capital markets at the national and subregional levels. The existing financial mechanisms need to be reviewed to make them more responsive to the needs of the private sector, in general, and the small- and medium-scale industrial enterprises, in particular.

There is therefore a need to adopt alternative mechanisms for financing industry, especially with the decline of the flow of finance from traditional funding mechanisms. In addition, the extensive indebtedness of African countries greatly reduced their access to financial markets making the mobilization of internal resources an important strategy. To that end, there is a need to harness internal investment resources available, for example, in pension funds, building societies and insurance companies to establish special financing facilities, such as community and peoples banks, to promote industries in rural areas. Such facilities would also need to develop extension services to their clients in order to ensure efficient production to enable the repayment of loans extended to them.

The mobilization of financial resources would be greatly facilitated by the existence of sound investment projects. The meeting therefore recognized the paramount importance of developing the capacity for project identification, preparation, evaluation and promotion in African countries. To that end, the meeting welcomed the proposal for the establishment of a UNIDO Investment and Technology Partnership Facility. The UNDP, ADB, UNIDO and the World Bank were called upon to assist the private sector development institutions and consultancy firms in Africa in building up that capacity.

(e) Agenda item 3(f): Implementation of the Treaty on the Establishment of the African Economic Community in respect, in particular, of the protocols on cooperation in the fields of industry, technology and energy

In introducing the agenda item, the representative of UNIDO gave a brief analysis of actions taken thus far, since the adoption of the Lagos Plan of Action and the Final Act of Lagos in 1979 towards the establishment of the African Economic Community. He further intimated the meeting that, in Abuja in 1992, the Summit Conference of the African Heads of State and Governments signed the Treaty on the Establishment of the African Economic Community, while emphasizing the critical role of the private sector in the Community, since its activities would focus on the productive sectors. A meeting of African Ministers of Planning and Foreign Affairs was planned for early 1995 to launch the process of operationalizing of the Treaty. With regard to the various protocols, he informed the meeting that the OAU Permanent Steering Committee was elaborating those protocols and UNIDO was cooperating with the OAU, particularly in the fields of energy, industry, technology and human resource development.

On the modalities for the effective operation of the African Economic Community, he stated that, at various fora, the Heads of State had emphasized that the structure of the Community should be based on existing subregional groupings. The latter should constitute the building units for the African Economic Community. In that regard, he drew attention to the recent transformation of the Preferential Trade Area for Eastern and Southern African States (PTA) into to Common Market for Eastern and Southern Africa (COMESA), the reactivation of the East African Community and the redynamization of UDEAC.

In the discussions that followed the introduction, some participants questioned the justification for the creation of an African Economic Community (AEC) in view of the numerous regional and continental organizations existing and, in appreciation of the difficulties, especially financial difficulties, that they were now facing. They tabled the suggestion that it may be more

prudent, if a particular existing institution could be strengthened to carry out the functions of the proposed AEC.

In response to the above concerns, the UNIDO Secretariat informed the meeting that the establishment of the African Economic Community was not an issue for debate as it was a decision by the African Heads of State and Governments. What was required of the meeting were concrete and pragmatic proposals on how the private sector could contribute to the establishment of the Community, especially in view of the increasing recognition of its crucial role in Africa's sustainable economic development.

Conclusion

As a result of the above discussions and given the limited national markets, a regional and subregional approach needed to be intensified in promoting greater industrial cooperation among African countries. The Treaty establishing the African Economic Community, including the Protocol on Industrial Development, as well as other industrial cooperation arrangements (e.g. COMESA), needed to be fully supported and put into operation as soon as possible. The private sector had an important role to play in the preparations and launching of the African Economic Community.

The meeting therefore urged the private sector to actively participate both in its individual capacity and as members of the national delegations in subsequent meetings on the Community. It was further suggested that, in anticipation of the operationalization of the African Economic Community, the private sector should immediately commence, with the assistance of UNDP, ADB, UNIDO and other relevant international organizations, the identification of those products and services that would lend themselves to subregional and regional cooperation. Local capacities and institutions supported by international and subregional organizations, such as ECA, OAU and ADB, should build on the work already initiated by UNIDO in the elaboration of subregional industrial masterplans, based on the products and product groups to be identified by the private sector.

(f) Agenda item 3(q): Enhancement of the role of the private sector in the industrialization process in Africa; and

The agenda item was introduced by Mr. C.P. Ekoka on the basis of Working Paper No.8. He recalled the discussions on previous agenda items, when the role of the private sector was highlighted. He reiterated the accepted position that the private sector was a major partner of Governments and international organizations in industrial development. The role of the State should be to create an enabling environment for industrial development. That included the creation of the legal and financial framework conducive to the private sector; the

infrastructural development; the educational level development; the support to industry related service institutions; etc.

He stated that strengthening the role of the private sector would entail the building of capacity private sector institutions to enable them to defend the interests of their members and to provide services to enterprises.

During the ensuing discussions, the need to harmonize and coordinate the different private sector institutions existing in some of the African countries was emphasized. An efficient and operational consultative mechanism between Governments and private sector should be established along with strong and capable institutions representing the private sector. That should allow for the active participation of the private sector in the decision making process and to contribute to the elaboration and implementation of industrial strategies and policies.

Concern was also expressed by various participants on the practice which existed in a number of African countries, wherein the heads of private sector institutions, such as Chambers of Commerce, were appointed by Governments. The meeting proposed that such practices should be discontinued. The management of private sector institutions should be left in the hands of the private sector.

The assistance should cover such fields as training and human resource development; project identification and appraisal; and information related to marketing, technologies and quality management. Through technical assistance programmes, private sector institutions, such as Chambers of Commerce or industrial associations, would be better placed to provide services to industrial enterprises, thus helping them to improve their efficiency and competitiveness.

Conclusion

The meeting emphasized the fact that dynamic private sector development would require, inter alia, political stability, security and effective legislation. It re-echoed the call to Governments to create a conducive environment in order to facilitate private sector development and promotion. In addition, the provision of physical and social infrastructure in line with the requirements of the industrial sector should be guaranteed. The above would facilitate the mobilization of domestic investment and the flow of external capital into the industrial sector in Africa.

The meeting urged that measures be taken to enable direct assistance by international organizations, particularly

development agencies. In addition, the capability of private sector enterprises and institutions should be strengthened in the negotiation of technology acquisition, including licensing agreements and joint ventures. Priority and potential investment opportunities should be identified based on targeted industrial subsectors and product groups which can be developed on the basis of comparative advantage to enable the local private sector to produce for export and local markets. In that regard, local capacities should be enhanced to assist local industry to produce in accordance with international standards, especially ISO 9000 to facilitate the entry of their products on the world market.

(g) Agenda item 3(k): Modalities and organizational arrangements for the Private Sector Forum to be held in Botswana in early June 1995 in connection with the Twelfth Meeting of the Conference of African Ministers of Industry

In introducing the agenda item, the UNIDO representative made reference to the background note on that agenda item. He highlighted the main features of the paper as: the background, which included a review of the origin of the idea of such a Forum as well as the initiatives taken thus far by UNIDO; the objectives of the proposed Forum; the preliminary elements and focus of the proposed Forum; and other considerations concerning the structure and operational modalities and envisaged nature of the Forum.

He reiterated the fact that the Forum was being planned within the context of the Twelfth Meeting of the Conference of African Ministers of Industry (CAMI). The Eleventh CAMI meeting adopted the UNIDO Ten-Point Programme for Africa which, inter alia, put particular emphasis on the role of the private sector in the industrialization process in Africa. He provided concise details on the historic origin of CAMI as well as on the modalities utilized in organizing that meeting, including the agencies involved in its organization and the nature of their cooperation in preparing for and servicing of the meeting.

With respect to the Botswana Private Sector Forum, he further expanded on the thinking of UNIDO, on the objectives and expected outputs. He paid tribute to the ABR and the UNDP for accepting to coorganize the Forum, in cooperation with the ECA, OAU, ADB and other organizations and investment houses, both within and outside Africa. He informed the meeting that, at the national and subregional level, UNIDO would be approaching the organized private sector and women's groups to get them to actively participate in and support the Forum. He placed emphasis on the fact that the Forum would establish linkages between the private sector executives and African Ministers of Industry. The Forum should be thorough, properly focused and participation very active.

The representative of the ECA re-emphasized the major points made by the UNIDO representative and provided detailed suggestions on a number of possible scenarios for the organization of the Forum for the consideration of the meeting. He stated that they should ensure that participation was at the highest possible level and put forward the suggestion that the Forum might wish to adopt an Action Plan and put a specific follow-up mechanism in place. He underlined the call that the Forum should be properly focused, addressing only a few selected pertinent issues.

The Secretary General of the ABR, upon taking the floor, lent his support to the various previous speakers and stated that the private sector should always regard itself as a partner in development. In view of the prevailing practice in the African countries over the past three or more decades, the private sector could not survive without serious support of and partnership with the public sector. The dedication of the Heads of State was a pre-requisite for a healthy private sector. In addition, he launched a special appeal that the informal sector should not be marginalized in all those exercises. That was particularly relevant in view of the increasing importance of the private sector in the African economy.

Conclusion

Following the discussion on the subject, the meeting welcomed and endorsed the idea of the Forum. It was in agreement with its objectives, proposed themes, structure and organizational arrangements. It particularly emphasized that participation at that Forum should be at a high level, including senior executives and decision makers from the public and private sectors as well as the need for thorough, timely and well focused preparations. In that regard, it called on the cooperating agencies to meet very soon to launch preparations for the Forum and appealed to the UNDP, UNIDO and other relevant international organizations to provide financial resources for the Forum. The idea for the Forum to adopt an Action Plan, along with a follow-up mechanism as an integral part of the Action Plan, was accepted by the meeting.

Integration of Women in Industrial Development

Ms. N. Nafziger drew the attention of the meeting to the fact that women constituted more than 50% of the population of African countries. That sector of the population possessed significant potential for enhancing the private sector in industry. In order to facilitate the integration of women in development, a number of women's organizations had been established at the national and subregional levels. Those organizations were very much involved in preparations for the

Beijing Conference, at which time the issue of the integration of women in industrial development would be highlighted. She therefore urged the meeting to adopt a specific recommendation on this issue and called upon the international community to assist the women's organizations and entrepreneurs in their industrial development efforts.

Conclusion

The meeting welcomed the intervention by Ms. Nafziger and reiterated the importance of helping African women entrepreneurs and women's associations for their more effective integration in the industrialization process, especially in respect of rural small- and medium-scale industries and micro enterprises in rural areas.

VI. RECOMMENDATIONS OF THE MEETING

During the discussions under each of the agenda items, a number of common issues were addressed. Rather than advancing recommendations under each of the agenda items, it had been considered to group the recommendations under nine major themes that had emerged. That approach would help to eliminate undue duplication and repetition. The meeting therefore adopted the following recommendations addressed to Governments, the private sector and international organizations within a short-term (two years) and a long-term (over two years) timeframe:

1. Impact of Uruguay Round Agreements and Technological Advances on Industry in Africa

Short-term

Governments and the private sector should formulate and adopt comprehensive programmes for sensitizing all sectors of the population on the implications of economic globalization, the Uruguay Round Agreements and technological advances on industrial and trade policies. In this regard, workshops should be organized at the national, regional and subregional levels with the participation of officials from public and private sectors, the academic and business communities, civil societies and labour unions, political leaders and local administrators on the subject, thereby facilitating the establishment of a new "economic and industrial culture".

International organizations, notably UNIDO, ECA, UNCTAD, ADB and UNDP, should assist the national authorities and subregional organizations in the preparation and implementation of the sensitization programmes and national workshops.

Long-term

The World Bank and the UNDP should allocate special funds to assist African countries, particularly the private sector, to enable them to take maximum advantage of the liberalized global trade within the framework of the Uruguay Round Agreements.

Existing centres or institutions for the promotion of external trade should be strengthened and new ones established, where they do not exist, to provide greater impetus towards the search of viable markets for African value-added products.

2. Integration of Industry in National Socio-Economic Concerns

Short-term

Governments and the private sector should, with the assistance of international organizations, particularly UNIDO, UNDP, OAU, ECA, World Bank and ADB, formulate long-term visions,

if they do not exist, for accelerating their national industrialization programmes within the framework of the Programme for the Second IDDA and based on their resource endowments and comparative advantage. Long-term strategies and policies should be reviewed and revised, if need be, and new ones adopted, where they do not exist, in accordance with the approach for the strategic management of the industrialization process developed by UNIDO.

In the formulation of the long-term vision and the long-term strategies and policies, all major actors in the country, particularly the Government and the private sector, should be actively involved. The vision should be endorsed by Parliament and a campaign programme adopted to sensitize the entire population on its implementation.

The national workshops proposed on the implications of the Uruguay Round Agreements and technological advances should also discuss the long-term vision and strategies and policies leading to the formulation and implementation of the Strategic Management Programmes for the industrial sector.

As an input to the formulation of the long-term vision, strategy and policy and the formulation of the Strategic Management Programme, Governments should, with the assistance of international organizations, carry out a national industrial mapping which would enable focussed development on targeted subsectors in which the country has a comparative advantage. This would also enable broadening of the national economic base and encourage non-traditional exports, including the processing of primary produce and value-added activities.

Long-term

African Governments, the private sector and regional and subregional organizations should take concerted actions with the support of the international community towards the structural transformation of their economies, thus changing the present structure of their international trade which is concentrated on a few primary commodities to emphasize trade in manufactured goods.

The above, in turn, calls for assistance from the international community in broadening the industrial base in African countries, including the development, rehabilitation and maintenance of industrial plants, along with associated macro-economic, technology and industrial policy reforms, human resource/technology skills and entrepreneurship development and stable investment environment.

3. Mobilization of Financial Resources

Short-term

The African Development Bank and other multilateral and bilateral financial institutions, notably the World Bank, IFC, CDC and French Development Assistance (CFD), are urged to support the development of local private investment banks and other specialized companies with a view to bridging the gap between the supply and demand of the capital needs of industry.

The Private Sector Development Unit of the African Development Bank would be more adapted to the private sector needs, if transformed into an autonomous body against the lines of an international finance corporation, with the strong participation of the private sector.

Measures should be taken to convert part of national debt through the use of debt equity swap arrangements and to convert part of the debt into a fund for industrial investments.

The involvement of Governments in the negotiation of private sector loans should be reduced and the participation of the private sector in the negotiation of debt rescheduling increased.

Governments should give priority to the payment of internal debt in order to dynamize the private sector.

Existing coordination mechanisms at the national and subregional level for the identification, preparation and formulation of investment projects among funding agencies should be examined with a view to ensuring that priority is accorded to industrial projects. Close cooperation should be maintained among the private sector, the Ministry of Industry, the Ministry of Finance and the Ministry of Development and Planning in the prioritization of projects for promotion among funding agencies.

National capacities should be strengthened, with the assistance of international organizations, especially the World Bank, UNDP, OAU, ECA, ADB and UNIDO, in the identification, preparation and promotion of industrial investment projects, taking advantage of the UNIDO Network of Investment Promotion Services. Development Finance Institutions (DFIs) and private sector organizations should be assisted in developing capabilities for carrying out the above activities, including monitoring of project implementation, thus facilitating access to investment financing.

The operations of existing financial systems should be reviewed and realigned to enable them to be more responsive to the practical needs of the industrial private sector, especially

the special needs of small- and medium-scale industries and micro enterprises.

Long-term

A financial intermediation base which is more responsive and adapted to the needs of industry should be established, thereby encouraging competition and innovation, both at the national and at the subregional levels, within the financial system.

An appropriate monetary policy should be designed and put into operation at the level of Central Banks with a view to fostering the development of local private financial institutions, such as leasing companies, venture capital, stock exchanges, guarantee funds and other specialized financial institutions.

Governments, in cooperation with the private sector should harness internal investment resources available, for example, in pension funds, building societies and insurance companies, in the establishment of special financing facilities, such as community and peoples banks, to promote rural industrialization, since conventional commercial banks are not geared towards such activities. Governments should guarantee such investment by providing markets and facilities should also be developed for extension services to their clients.

4. Competitiveness of African Industry and Implications of ISO 9000

Short-term

In the national and subregional workshops to be organized on the implications of the Uruguay Round Agreements and technological advances, the requirements of ISO 9000 on the competitiveness of African industrial products on the world market should also be discussed and appropriate actions taken to enhance African industry accordingly.

Within the framework of the envisaged new vision for Africa as well as in the endeavour to create the new industrial culture, environmental considerations and assessment should form an integral part of project and programme preparation and approval. Particular emphasis should be placed on the adoption of clean technologies and environmentally friendly processes in industrial enterprises.

National workshops should also be organized with the participation of the private sector, research and development institutions, universities and polytechniques, on the formulation of science and technology, with emphasis on improving indigenous

capabilities and capacities for technology negotiations, acquisition, upgrading/adaptation and application. UNIDO, ADB and other relevant organizations should provide assistance and support.

Long-term

National and subregional/regional standardization and quality certification bodies should be strengthened and new ones established, where they do not exist, with the assistance of UNDP, World Bank, UNIDO, OAU, ECA and other multilateral and bilateral agencies to assist local industry to produce, in conformity with ISO 9000 standards for products destined for the global market or in conformity with local standards in respect of those products destined for national or subregional markets, including issuance of appropriate quality certificates, in those areas, where the country or subregion has comparative advantage.

Governments and international organizations should assist the private sector in the development of integrated packaging industry, making use, to the maximum possible, of local raw materials.

5. Enhancing Private Sector Capability for Industrial Development

Short-term

African Governments should increase their efforts towards improving the macro-economic and enabling environment in support of the private sector, including security, currency stability, development of physical and institutional infrastructure and utilities, education and training, information and bureaucracy.

Existing national and subregional private sector organizations and professional associations should be strengthened and new ones established, as need be, in order to enhance the effectiveness of private sector contribution to the industrialization process. These institutions should be allowed to elect their own representatives in order to enhance and strengthen their credibility and authority.

Cooperation between the public and private sectors should be intensified with a view to the joint identification of industrial priorities and potential investment opportunities based on targeted industrial subsectors and product groups in which the country has comparative advantage for both export and domestic markets for promotion among financing institutions.

National workshops should be organized, with the assistance of UNIDO, for the private sector, particularly small- and medium-

scale enterprises, on negotiation of technology acquisition, including licensing agreements and joint ventures.

A consultative mechanism should be established to enable continuous working cooperation between the Government and the private sector on all matters related to industrial development.

Furthermore, greater cooperation should be ensured among the private sector organizations themselves at the national and subregional level to enhance the harmonization of their positions and their effectiveness as pressure groups in influencing policy decisions affecting the industrial and productive sectors.

International organizations, notably UNIDO, UNDP, the World Bank, OAU, ECA and ADB, should revise their operational modalities and legal framework in order to provide direct assistance to the private sector and to enable its participation in their policy making bodies.

Long-term

International organizations should extend their assistance to private sector organizations in strengthening their organizational and managerial capabilities, through the development of their training programmes; establishment of information data banks and networks; technology negotiations and acquisition; and project identification, preparation and promotion; thus helping them to provide more effective services to their members.

Governments and the private sector should, with the assistance of international organizations, particularly UNIDO, ADB and UNDP, establish Project Preparation Facilities, at the national and subregional levels, and should support the proposed UNIDO Investment and Technology Partnership Facility.

6. Regional/Subregional Cooperation and Integration

Short-term

The workshops recommended on the implications of the Uruguay Round Agreements and economic globalization should also be organized at the regional and subregional level with the support of OAU, UNIDO, ECA and ADB, with emphasis on strengthening of African subregional organizations in the light of the emergence of economic groupings in other regions of the world.

The private sector, with the assistance of the international community, notably OAU, UNDP, ADB and UNIDO should identify products and product groups that lend themselves to cooperation among private sector entrepreneurs and with Governments, at the

regional and subregional level, in the manufacture of those products and provision of services within the framework of the Protocols on Industrial Cooperation established within the framework of regional and subregional economic treaties.

Long-term

Given limited national markets, regional and subregional industrial cooperation should be intensified within the framework of the treaties establishing the African Economic Community (AEC), the Common Market for Eastern and Southern Africa (COMESA), other subregional organizations, as well as their respective protocols on industrial cooperation.

National and subregional public and private sector organizations should be supported and assisted in the elaboration of subregional industrial masterplans, consisting, *inter alia*, of financial resources, institutions, industrial standards and technology, training and markets.

7. Private Sector Forum

Following the presentation by the representative of UNIDO and the discussions that followed, the meeting adopted the following recommendations in respect of the design and organization of the private sector forum being proposed to take place as a pre-conference activity to the Twelfth Meeting of the Conference of African Ministers of Industry scheduled to take place in Gaborone, Botswana, from 6 to 8 June 1995:

Short-term

- (a) The Forum should be scheduled during the period 2 to 6 June 1995 to enable it to overlap with both the Meeting of Intergovernmental Experts of the Whole on Industrialization of Africa (29 to 2 June 1995) and the Conference of African Ministers of Industry (6 to 8 June 1995).
- (b) The objectives of the Forum would be: (i) to involve in a more meaningful and practical way the private sector with Africa's industrialization, including financing; (ii) to foster greater cooperation between the private sector and multinational institutions; (iii) to identify the steps that Governments must take to create the right environment, if the private sector were to play a meaningful role in Africa's development; and (iv) to establish a system of consultations and cooperation between the private sector, Governments, regional and subregional organizations, development finance institutions, potential partners, for the development of the private sector in Africa.

The ultimate objective would therefore be to address the main problems of industrial development and industrial competitiveness and the potential for private sector development, as seen by the private sector, on the basis of which a Support Strategy and Action Plan for private sector development in Africa could be formulated.

- (c) Discussions at the Forum would be organized around the following four themes:
- (i) Creation of an enabling environment for private sector development and promotion;
 - (ii) Implications of Uruguay Round Agreements and technological advances on the performance of the African private sector;
 - (iii) Mobilization of financial resources for private sector development in Africa; and
 - (iv) Implications of developments in South Africa on the participation of the private sector in the industrialization process in Africa.
- (d) The meeting emphasized the fact that, in addition to Ministers of Industry and Ministers of Finance, participants should be high level and decision makers from the Government and the private sector. The Managing Director of the Africa Import/Export Bank (AFROEXIM) as well as Investment Houses, such as Lehman Bros. (UK), the Aidoo Group, Merill Lynch, should also be invited to participate along with the Group of Africans involved with major multilateral banks in the industrialized world with whom UNDP/RBA and the ABR have established linkages. Ministers of Overseas Development/Finance of key donor countries should also be invited to participate.
- (e) The principle of organizing the discussions at the Forum in panels on the themes highlighted in (c) above was recommended by the meeting. The number of panels would be determined in function of the facilities and technical requirements (e.g. conference facilities, interpreters, etc.) available in Botswana.
- (f) The need for sound preparations for the Forum was emphasized. In that regard, the meeting recommended that:
- (i) Consultations should be organized immediately among the co-organizing agencies, notably UNIDO, UNDP and ABR, in consultation with ECA, OAU, ADB, the US based Corporate Council for Africa, the Southern Africa

Chamber of Industry and other relevant organizations;

- (ii) Actions should be taken to widely publicize the Forum within and outside Africa with a view to ensuring high level participation;
 - (iii) Background documents should be prepared, with the assistance of high level and competent consultants, on each of the themes advancing concrete recommendations for practical actions to be incorporated in the Action Plan. The documents should be reproduced in English and French and circulated in good time (at least one month) before the date of the Forum.
- (g) The co-organizing agencies should prepare a cost estimate for the Forum in respect, in particular, of anticipated expenditures for experts, participants, documentation, publicity and miscellaneous. In that regard, the meeting launched an appeal to UNDP, UNIDO and other relevant agencies to make resources available for the Forum.
 - (h) Preparations for the Forum should include a programme for follow-up action which should be incorporated as an integral part of the Action Plan.
8. Memorandum to the Secretary General of OAU, the Executive Secretary of ECA, the President of ADB and the Director-General of UNIDO on the Industrialization of Africa

Since the main features of the above Memorandum are contained in its recommendations, the meeting recommended that the Memorandum (attached as Annex VIII) should be submitted to the Chief Executives of OAU, ECA, ADB and UNIDO in its present form along with the recommendations of the meeting.

VII. CLOSURE OF THE MEETING

Prior to the formal closure of the meeting, the representative of the Federation of Chambers and Associations of Industry of Central America (FECAICA), Dr. C.E. Rivera Ortiz, pointed out that there was a strong similarity between the problems that the Latin American private sector was facing with those of Africa. He suggested to the meeting the possibility of establishing close cooperation between the private sector organizations in both regions with a view to permitting a regular interchange of information and experience. He also expressed his deep gratitude to UNIDO, the African Business Round Table and the other entities that jointly organized that meeting for the invitation extended to him to participate.

In his closing remarks, the Chairman thanked the members of his bureau for all the support given to him during his term. He paid particular tribute to UNIDO for the initiative and the efficient manner in which they had managed the meeting. He made reference to the ABR for the support it had given UNIDO in the co-organization of the meeting.

Subsequently, he called on the meeting to take the message with them to their different countries and organizations. The establishment of an industrial culture, he stated, that had been highlighted should form the basis of the industry for tomorrow. That novel approach should facilitate the bringing of Africa into the mainstream of development. He appealed to the private sector in Africa to view itself as a partner in development and not sit back and expect the Governments and international organizations to do everything for them.

In conclusion, he reiterated his expectation of a successful Botswana Forum and appealed to all bilateral and international agencies to provide the necessary support. To UNIDO, he specifically appealed that it should continue its support to the African private sector and should do everything within its means to help nurture the new "industrial culture". To the ABR, he appealed that it should be selective in its membership and should endeavour to remain independent and apolitical. The full text of the closing statement by the Chairman is attached as Annex X.

In his closing statement, the representative of UNIDO expressed personal thanks and appreciation to the bureau for the efficient manner in which it had managed the meeting. He intimated that the quality of the recommendations of the meeting was a full reflection of the seriousness and the manner in which the private sector sees the future vision of Africa.

Subsequently, the representative of UNIDO read out a fax message which he had received from the Managing Director, Country

Strategy and Programme Development Division of UNIDO. In that fax message, she appealed to the meeting to come up with concise and implementable recommendations. She suggested that the meeting should also come out with a programme of action with a set timeframe.

The representative of UNIDO thanked the participants, the Government of Côte d'Ivoire, the ABR, the management of CCIA and the ADB, the interpreters and translators for all their support and understanding during the meeting. He extended particular thanks, through the delegates of Côte d'Ivoire to His Excellency, Mr. Ferdinand Kakou Angora, Minister of Industry and Commerce, for the strong support he had given to the meeting. He requested that a copy of the report of the meeting be delivered to the Honourable Minister.

In his closing remarks, Mr. Eson Alintah, the Secretary General of ABR, endorsed all the sentiments expressed by the representative of UNIDO. He subsequently highlighted some of the salient elements in the report of the meeting and appealed to African countries not to continue in their old ways but to take a new path.

He informed the meeting that the Annual Meeting of the ABR would take place in March 1995 in Cameroon and extended an invitation to UNIDO to participate in the meeting. Furthermore, he intimated that 1995 would mark a watershed for Africa's industrialization. ABR would, for the first time, join efforts with UNIDO to commemorate the African Industrialization Day in November 1995. The climax of that celebration would be a high level gathering in Vienna for a day and a half to celebrate the day.

The Secretary General formally declared the meeting closed.

ANNEX I**AGENDA**

1. Opening of the meeting
2. Election of Officers and Organization of Work
 - Chairman
 - Vice-Chairman
 - Rapporteur
3. Discussion of agenda items as follows:
 - (a) How to bring the industrialization process in Africa into the mainstream of global and regional concerns of direct relevance to the socio-economic development of Africa;
 - (b) The impact of the GATT Agreement on the industrialization of Africa;
 - (c) The impact of the devaluation of the CFA Franc on the industrial sector in Africa;
 - (d) The impact of global technological advances on the socio-economic and industrial development of African countries;
 - (e) The impact of the debt crises on Africa's industrialization and the role of industry in reaching a durable solution to the debt crises;
 - (f) Implementation of the Treaty on the Establishment of the African Economic Community in respect, in particular, of the protocols on cooperation in the fields of industry, technology and energy;
 - (g) Enhancement of the role of the private sector in the industrialization process in Africa;
 - (h) Financial sector requirements for support to the development of the private sector in Africa;
 - (i) New approaches and mechanisms for increasing the flow of direct private investment resources and official development assistance into the industrial sector;
 - (j) UNDP's contribution to private sector development in Africa;
 - (k) Modalities and organizational arrangements for the Private Sector Forum to be held in Botswana in early June 1995 in connection with the Twelfth Meeting of the Conference of African Ministers of Industry.
4. Consideration of the Draft Report of the Meeting
5. Adoption of the Report
6. Closure of the Meeting



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

**Meeting of Private Sector Experts
on the Industrialization of Africa
Abidjan, Côte d'Ivoire
23 to 27 January 1995**

ANNOTATED AGENDA

1. Opening of the Meeting (Agenda item 1)

The meeting will be formally opened by His Excellency, Mr. Ferdinand, Kakou Angora, Minister of Industry and Commerce of Côte d'Ivoire. The leader of the UNIDO delegation as well as the Secretary General of the African Business Round Table (ABR) will also make opening statements. The President of the African Development Bank (ADB), who is also the Chairman of ABR, or his representative may also make a statement. It is expected that those statements would provide the broad policy framework that will guide the deliberations of the meeting.

2. Election of Officers (Agenda item 2)

The meeting will elect, from among the participants, a Chairman, a Vice-Chairman and a Rapporteur. The Rapporteur will be assisted by the UNIDO Secretariat in the preparation of the report and recommendations of the meeting.

3. Discussions of Agenda Items (Agenda item 3)

Agenda item 3(a): How to bring the industrialization process in Africa into the mainstream of global and regional concerns of direct relevance to the socio-economic development of Africa

The final report of the meeting of technical experts of OAU, ECA, ADB and UNIDO on the industrialization of Africa, held in Vienna, Austria, 3 to 4 November 1994 (Working Paper No.9), as well as the background documents prepared by Messrs. A. Chambati and S. Lall (working papers Nos. 1 and 2) will provide the basis for discussions on this agenda item. Mr. A. Chambati will introduce and lead the discussions on this issue. Mr. Nelson Muturi, Deputy Chief Economist in the Ministry of Planning and National Development of Kenya, and Ms. R. Sow, Représentante of the Groupement des Femmes Entrepreneurs of Guinea, will also play a leading role in the discussions on the subject. The experts will be expected to share their experiences, from the point of view of the private sector, in respect of the constraints being encountered in integrating the industrialization process in national economic development and

recommend measures which should be adopted by the Governments and the private sector in Africa.

Agenda item 3(b): The impact of the GATT Agreement on the industrialization of Africa

Agenda item 3(d): The impact of global technological advances on the socio-economic and industrial development of African countries

The UNIDO Secretariat has prepared two papers (Working Papers Nos. 3(a) and 3(b)) on this subject. Mr. P.E. Kotze, General Manager of the Industrial Development Corporation of South Africa, who masterminded the participation of South Africa in the Uruguay Round negotiations, together with the UNIDO Secretariat, will lead the discussions on this subject.

Closely related to the Uruguay Round Agreements is the increasing importance being attached to ISO 9000 in the manufacturing process as well as in the standardization and certification of industrial products for export to international markets. ISO 14000 is already in the horizon. The UNIDO Secretariat has therefore prepared Working Paper No. 3(b) on quality, standardization and metrology in respect of their impact on the GATT Agreement highlighting the importance of ISO 9000. The UNIDO Secretariat and Mr. Fred Okono, Director, National Office for Technology Acquisition and Promotion of Nigeria, will lead the discussions on this matter.

The experts will be expected to draw on their private sector experience in identifying cardinal points to be brought to the attention of African Governments and manufacturers and advance recommendations for measures to be taken in further development of the African economies in the light of the Uruguay Round Agreements and ISO 9000.

The UNIDO Secretariat has also prepared Working Paper No.4 on the impact of global technological advances on the socio-economic and industrial development of African countries which is also directly related to the impact of the Uruguay Round Agreements and ISO 9000 on the African economies. The UNIDO Secretariat, along with Mr. J. C. Montocchio, Secretary General of the Mauritius Chamber of Commerce and Industry, and Dr. C.E. Rivera Ortiz, General Secretary of FECAICA in Guatemala, will lead the discussions on the subject and the experts will be expected to draw on their experience in identifying the particular impact of technological advances in the manufacturing process and to advance recommendations for consideration by Governments and the private sector in this respect.

Agenda item 3(c): The impact of the devaluation of the CFA Franc on the industrial sector in Africa

The UNIDO Secretariat has organized two workshops, one in Bamako, Mali, for West African countries, and one in Brazzaville, Congo, for Central African countries, on the impact of the devaluation of the CFA Franc on the manufacturing sector of those countries. The Executive Summary of the workshop held in Bamako is reproduced in Working Paper No.7.

While the devaluation of the CFA Franc has a direct impact on the countries of the CFA Franc zone, it also has significant implications in terms of cross-border trade and regional and subregional cooperation in the Africa region as a whole, especially in respect of the countries bordering the countries directly affected.

In addition to the macro-economic aspects of the devaluation, its impact has had significant effects on the manufacturing sector. Mr. C. Penda Ekoka, Managing Director of the Business Development Service in Cameroon, who was the main consultant with UNIDO in the preparation of the meeting for Central African countries, will, together with Mr. R. Andely, Assistant to the Director of the Monetary Division of BEAC, Mr. M. S. Diallo, Director-General of SADA S.A. of Mali, and Mr. C. Mefe M'Ondo, President of the Patronat Gabonais, will lead the discussions on this subject.

The experts will be expected to draw on their private sector experience in enriching the recommendations adopted at the Bamako and Brazzaville workshops for further consideration by the African Governments, the private sector and financial and investment organizations.

Agenda item 3(e): The impact of the debt crises on Africa's industrialization and the role of industry in reaching a durable solution to the debt crises

Agenda item 3(h): Financial sector requirements for support to the private sector in Africa

Agenda item 3(i): New approaches and mechanisms for increasing the flow of direct private investment resources and official development assistance into the industrial sector

One of the major constraints to Africa's industrialization is the insufficiency of industrial finance. A significant amount of the financial resources available in Africa is utilized in the repayment of external debt or for servicing the debt burden. This has led to the further reduction of the meagre amount of funds available for financing industrial projects. The UNIDO Secretariat has prepared Working Paper No.5 which analyzes the effects of Africa's external debt on the industrial sector. The UNIDO Secretariat, together with the representatives of the World Bank, the African Development Bank, and Mr. O. Sanda, Adviser to the President Director-General, Compagnie Financière et Industrielle SA in Douala, Cameroon, will lead the discussions on the subject. The experts will draw on their private sector experience in identifying the problems encountered at the enterprise level in mobilizing financial resources for industry and advance recommendations on measures to be taken in this respect.

As indicated earlier, insufficient finance is posing a significant constraint on the industrialization in Africa. This is particularly applicable to the participation of the private sector in the industrialization process. The representative of the World Bank and of the African Development Bank as well as

Mr. R. Andely, Adjoint to the Director, Division Monétaire, BEAC, will lead the discussions on this subject highlighting the financial sector requirements for support to the private sector in Africa. Mr. W. Rutherford, a UNIDO consultant, has also advanced certain suggestions in Working Paper No.6 on new mechanisms for the mobilization of financial resources for industrial development in Africa.

The experts, following the deliberations on the subject, will be expected to identify and recommend suitable mechanisms for increasing the flow of direct private investment resources and official development assistance to the industrial sector in Africa.

Agenda item 3(f): Implementation of the Treaty Establishing the African Economic Community

The Treaty on the Establishment of the African Economic Community and the protocols on industrial cooperation of the various subregional organizations accord particular importance to the role of the private sector in the implementation of those treaties and protocols. The Treaty for the Common Market for Eastern and Southern African States (COMESA) recently launched at the meeting in Malawi accords the first priority to industrialization and underlines the important role of the private sector. The representatives of the OAU and ECA will lead the discussions on this matter and the experts will be expected to identify particular measures which the private sector should take in enhancing its contribution to the implementation of those treaties.

Agenda item 3(g): Enhancement of the role of the private sector in the industrialization process in Africa

Agenda item 3(j): UNDP's contribution to private sector development in Africa

As indicated in the previous agenda items, the private sector has an important role to play in the industrialization process in Africa. Recent Industrial Sector Programme Review Missions carried out by UNIDO in 14 African countries have reconfirmed the concerns among the Governments and the private sector on the need to enhance the private sector participation in the industrialization process. There are, nonetheless, a significant number of constraints which have to be removed, both at the macro and at the micro levels, and the private sector itself has to take measures at its own level.

The UNIDO Secretariat has put together some notes on private sector development and privatization in Africa (Working Paper No.8) which will help to stimulate discussions on the subject. Mr. R. Jaona, Chairman, Ethiopian Private Industries, Mr. C P. Klint, President of INCA LTD. in Mozambique, and Mr. R. Patel, Managing Director, COMAFRIC LTD. in Tanzania, will lead the discussions on the subject. The representatives of the UNDP, the World Bank and the African Development Bank will also share their experiences in promoting the participation of the

private sector in the industrialization process (agenda item (j)).

This is probably one of the most important agenda items for the meeting and the participants will be expected to share their experience leading to the formulation of concrete recommendations to Governments and the private sector on this subject.

Agenda item 3(k): Modalities and organizational arrangements for the Private Sector Forum to be held in Botswana

The OAU, ECA and UNIDO have recommended the organization of a private sector forum in Botswana, in connection with the 12th Meeting of the Conference of African Ministers of Industry. The Forum will be jointly organized by UNIDO, UNDP and the African Business Round Table (ABR), in cooperation with the ADB, ECA, OAU and other organizations, such as the Southern African Chamber of Commerce, the Investment Houses and the Corporate Council on Africa, in Botswana, in connection with the Twelfth Meeting of the African Ministers of Industry scheduled to take place during early June 1995. The UNIDO Secretariat has prepared a Background Brief on the design and organization of the forum which will be circulated during the course of the meeting to stimulate discussion on the subject.

The meeting will therefore be expected to discuss the substantive and organizational arrangements for the Forum, drawing on the experiences in organizing similar fora such as the Forum of Business Affairs that preceded the Francophone Summit in Mauritius in 1993 and the Bretton Woods Lecture Series which was a prelude to the Annual Meeting of the World Bank in Madrid in September 1994. The report and recommendations of the meeting will therefore constitute an important input to that forum.

4. Consideration of the Draft Report of the Meeting (Agenda item 4)

The draft report of the meeting prepared by the Rapporteur with the assistance of the UNIDO Secretariat will be discussed by the meeting. The draft Memorandum that was prepared by the meeting of technical experts of OAU, ECA, ADB and UNIDO on the industrialization of Africa, held in Vienna, Austria, 3 to 4 November 1994, for presentation to the Executive Heads of OAU, ECA, UNIDO and ADB will be refined in the light of the recommendations of the meeting.

5. Adoption of the Report (Agenda item 5)

6. Closure of the Meeting (Agenda item 6)

The report and recommendations of the meeting duly amended to accommodate the comments made by the meeting on the draft will be adopted, followed by a formal closure of the meeting.

ANNEX III

WORK PROGRAMMEMonday, 23 January 1995

- 08.00 - 09.30 hrs Registration
- 09.30 - 10.30 hrs Opening of the meeting (agenda item No. 1)
- 11.30 - 12.00 hrs Election of Officers and Organization of Work (agenda item 2)
- 12.00 - 12.30 hrs Introductory remarks
- 14.30 - 16.00 hrs Discussions on Agenda Item 3(a): How to bring the industrialization process in Africa into the mainstream of global and regional concerns of direct relevance to the socio-economic development of Africa;
- 16.30 - 18.00 hrs Discussions on Agenda Item 3(b): The impact of the GATT Agreement on the industrialization of Africa;

Tuesday, 24 January 1995

- 09.00 - 10.30 hrs Discussions on Agenda Item 3(c): The impact of the devaluation of the CFA Franc on the industrial sector in Africa;
- 11.00 - 12.30 hrs Discussions on Agenda Item 3(d): The impact of global technological advances on the socio-economic and industrial development of African countries;

14.30 - 16.00 hrs Discussions on Agenda Item 3(e): The impact of the debt crises on Africa's industrialization and the role of industry in reaching a durable solution to the debt crises;

16.30 - 18.00 hrs Discussions on Agenda Item 3(f): Implementation of the Treaty of the Establishment of the African Economic Community in respect, in particular, of the protocols on cooperation in the fields of industry, technology and energy;

Wednesday, 25 January 1995

09.00 - 10.30 hrs Discussions on Agenda Item 3(g): Enhancement of the role of the private sector in the industrialization process in Africa

11.00 - 12.30 hrs Discussions on:
 Agenda Item (h): Financial sector requirements for support to the private sector in Africa.

Agenda Item (i): New approaches and mechanisms for increasing the flow of direct private investment resources and official development assistance into the industrial sector.

14.30 - 17.00 hrs Discussions on:
 Agenda Item (j): UNDP's contribution to private sector development in Africa.

Agenda Item (k): Modalities and organizational arrangements for the Private Sector Forum to be held in Botswana in early June 1995 in connection with the Twelfth Meeting of the Conference of African Ministers of Industry.

Thursday, 26 January 1995

Morning Reserved for individual bilateral consultations

15.00 - 18.00 hrs Consideration of the draft report of the meeting (Agenda Item 4)

Friday, 27 January 1995

11.00 - 12.00 Adoption of the Report (Agenda Item 5) and Closure of the Meeting (Agenda Item 6)

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ANNEX IV/ANNEXE IV

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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

**MEETING OF PRIVATE SECTOR EXPERTS
ON THE INDUSTRIALIZATION OF AFRICA**

Abidjan, Côte d'Ivoire
23 to 27 January 1995

**STATEMENT
ON BEHALF OF THE
UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
(UNIDO)**

delivered by

Shadrack N. Ndam
Director
Africa Programme

Abidjan, Côte d'Ivoire
23 January 1995

Your Excellency, Mr. Ferdinand Kakou Angora, Minister of Industry and Commerce;

Mr. Esom Alintah, Secretary General of the African Business Round Table;

Ms. Agnes Ouedraogo, UNDP Resident Representative ad interim;
Distinguished Delegates;

Ladies and Gentlemen;

On behalf of the Director-General of UNIDO, Mr. Mauricio de Maria y Campos, it is my pleasure to welcome all of you to Abidjan: The fact that you have taken the time off your very busy schedules to attend this meeting of private sector experts on the industrialization of Africa manifests the importance which you all attach to the industrial development of Africa. The Director-General has therefore requested me to convey to each and everyone of you his warm greetings and best wishes for a very successful meeting.

I should like to seize this opportunity to convey the special thanks of UNIDO to the African Business Round Table (ABR) which is co-organizing this meeting with UNIDO. Only six weeks ago, UNIDO had the pleasure of receiving Mr. Esom Alintah, the Secretary General of the African Business Round Table, at its Headquarters at which time he and the Director-General of UNIDO signed a Memorandum of Understanding. The joint efforts in organizing this meeting are a concrete action towards the implementation of that Memorandum. We look forward to cooperating further with ABR in future joint activities.

It is, indeed, a great honour and pleasure for us to have His Excellency, Mr. Ferdinand Kakou Angora, Minister of Industry and Commerce, Cote d'Ivoire, with us today to formally open this meeting. In September last year, when I had the honour of meeting His Excellency, Mr. Kakou Angora, I was very much

encouraged and, indeed, motivated with his personal views and commitment to promoting the private sector in Côte d'Ivoire. He had even talked of transforming the working methods of his Ministry to that of a private sector enterprise.

Your Excellency,
Distinguished Delegates,
Ladies and Gentlemen,

The convening of this meeting in Abidjan is therefore not a mere coincidence but a recognition of the leadership role which this country is playing in the industrialization of Africa, under the leadership of His Excellency, Mr. Henri Konan Bédié, President of Côte d'Ivoire. In fact, His Excellency, Mr. Amara Essy, Minister of Foreign Affairs and current Chairman of the United Nations General Assembly, was the driving force behind the commemoration of the African Industrialization Day by the United Nations General Assembly. His Ministry, the Ministry of Industry and Commerce and other national authorities have always given UNIDO excellent support. As host of the African Development Bank, the African Business Round Table and the Association of African Consultants, Côte d'Ivoire is at the helm of actions taking place in Africa in the promotion of the private sector.

UNIDO/Côte d'Ivoire bilateral cooperation has recently received added impetus under the leadership of His Excellency, Mr. Ferdinand Kakou Angora, Minister of Industry and Commerce. In this regard, I wish, once again, to express the profound gratitude of UNIDO to the Government of Côte d'Ivoire for the excellent facilities that have been made available for the UNIDO office in Abidjan. The support which the Government and the private sector of Côte d'Ivoire lent to the industrial sector programme review mission recently carried out in Côte d'Ivoire

greatly contributed to the success of the mission which went a long way to identifying areas for long-term development of the industrial sector in the country and immediate actions to be taken. I wish to assure you, Honourable Minister, that UNIDO is making all efforts to ensuring proper follow up to the recommendations of the mission which, we believe, provide a sound basis for the intensification of future UNIDO/Côte d'Ivoire cooperation.

At this juncture, permit me, Your Excellency, Distinguished Participants, to pay special recognition to the presence among us today of the representatives of the African Development Bank, the United Nations Development Programme, the World Bank and the Economic Commission for Africa. These colleagues represent important organizations which have a crucial role to play in the industrialization of Africa. Each of them has also developed important programmes in support of the private sector, especially with respect to the financial requirements in support of that sector in Africa. UNIDO is convinced that the meeting would derive significant benefit from their contributions to the meeting. I should also wish to express UNIDO's appreciation to the UNDP for its decision to join forces with UNIDO, the African Business Round Table, the Economic Commission for Africa and the Organization of African Unity in the organization of a private sector forum scheduled to take place in Gaborone, Botswana, within the framework of the Twelfth Meeting of the Conference of African Ministers of Industry. The results of this meeting will provide important inputs to the preparations for the forum.

Your Excellency,
Distinguished Participants,
Ladies and Gentlemen,

The Fifth Session of the General Conference of UNIDO and the Eleventh Meeting of the Conference of African Ministers of Industry, respectively, adopted the Yaoundé Declaration and the Mauritius Declaration. Both declarations emphasize the need for UNIDO to accord special priority attention to the industrial development needs of Africa and the Least Developed Countries (LDCs). Both meetings also adopted a UNIDO Ten-Point Programme for Africa and called on UNIDO to assist the African countries in the revision, as appropriate, and implementation of their national and subregional programmes for the Second Industrial Development Decade for Africa (IDDA).

Recent and forthcoming global events, including the signature of the Uruguay Round Agreements, the World Summit on Social Development, the United Nations Agenda for Development within the Fourth United Nations Development Decade and the proposal to establish a fund for the diversification of African commodities all have significant implications on the social, economic and industrial development of Africa.

Despite the various declarations, plans and programmes on economic and industrial development of Africa, there has generally been very limited implementation. In view of this and of the important roles which the OAU, ECA and ADB are playing, in concert with UNIDO, in promoting the industrialization of Africa, the Director-General of UNIDO has extended an invitation to the Heads of the three organizations to meet and exchange views on ways and means of intensifying cooperation among the four institutions in support of the industrial development efforts of the African countries. In preparation of the above meeting, the technical experts from the four organizations as well as external advisers met in Vienna from 3 to 4 November 1994 to consider the various perspectives on the issues to be

discussed. The report of that meeting and the Memorandum to be presented to the Executive Heads of the four organizations have been reproduced for this meeting.

The development of appropriate responses in the light of the evolving socio-economic environment in Africa and the world over, in which the industrial development of Africa must contend, poses a major challenge. This includes the impact of the GATT Agreement on the industrialization of Africa; the impact of the devaluation of the CFA Franc on the industrial sector in Africa; the impact of global technological advances on the socio-economic and industrial development of African countries; the impact of the debt crises on Africa's industrialization and the role of industry in reaching a durable solution to the debt crises; and implementation of the Treaty for the Establishment of the African Economic Community in respect, in particular, of the protocols on cooperation in the fields of industry, energy and technology.

Your Excellency,
Distinguished Participants,
Ladies and Gentlemen,

Given the special role which the private sector can play in the industrialization of Africa, it has been considered desirable to secure its views and advice on the measures which African countries should take in response to the challenges they face in the wake of the above dramatic changes taking place globally and in Africa.

The objective of this meeting is therefore to draw on the experience of the private sector in advancing proposals on ways and means of enhancing the industrialization of Africa in general and the specific roles which African Governments, international

organizations, the private sector and the international community, especially UNIDO, ECA, the World Bank and UNDP, can play in that process.

In so doing, the meeting will have to pay particular attention to measures to facilitate the integration of industrialization in the mainstream of the national socio-economic concerns in Africa, such as poverty alleviation, income generation, population growth, enhancement of the competitiveness of African industry; measures to abate the impact of global developments, such as the Uruguay Round Agreements and ISO 9000, Africa's external debt in respect of the industrial sector and technological advances on their economies; measures to mitigate the impact of the devaluation of the CFA Franc on the industrial sector; measures to accelerate regional and subregional cooperation, especially in the implementation of the Treaty on the Establishment of the African Economic Community in respect, in particular, of the protocols on cooperation in the fields of industry and technology; and measures to enhance the role of the private sector in the industrialization process.

The meeting will also be expected to review and refine the recommendations contained in the Memorandum that has been drafted by the meeting of technical experts of OAU, ECA, ADB and UNIDO on the industrialization of Africa for submission to the Chief Executives of the four organizations with a view to ensuring that the views of the private sector are fully reflected in those recommendations.

The results of the meeting will also contribute to the preparations for the private sector forum to be jointly organized by UNDP and ABR, in cooperation with the ADB, ECA, OAU and other organizations, such as the Southern African Chamber of Commerce,

the Investment Houses and the Corporate Council on Africa, in Botswana, in connection with the Twelfth Meeting of the Conference of African Ministers of Industry scheduled to take place during early June 1995.

The main objectives of the forum will be: (i) to involve in a more meaningful way the private sector with Africa's industrialization, including financing; (ii) to foster greater cooperation between the private sector and multinational institutions; (iii) to identify the steps that Governments must take to create the right environment if the private sector is to play a meaningful role in Africa's development; and (iv) to establish a system of consultations and cooperation between the private sector, Governments, regional and subregional organizations, development financing institutions, potential partners, for the development of the private sector in Africa. The participants are envisaged to include Ministers of Industry, Ministers of Finance, private sector executives, financial institutions, investment houses and the donor community. The results of the forum should provide a basis for the formulation of a support strategy and programme for the private sector in Africa.

In conclusion, I wish to underscore the very serious, indeed, the very critical situation that the African continent faces. Time has, I am afraid, run out on Africa. It is a situation of the survival of the continent - of the survival of future generations! The challenge therefore is real. It is more than academic. Industrial development and the private sector can make a major contribution, as an instrument, to alleviating the situation of poverty and human misery faced by the continent. It is our responsibility, here today, to contribute to evolving the necessary responses to this realization. I am confident that

we are posed to meeting this challenge. The Director-General of UNIDO is therefore anxiously looking forward to receiving the conclusions and concrete recommendations of the meeting, accompanied by practical operational modalities which would contribute to the formulation of a support strategy and programme for the further development and promotion of a dynamic private sector involvement in the industrialization of Africa.

I wish you every success in your deliberations.

Thank you.

ANNEX VI

**OPENING STATEMENT OF THE MINISTER
OF INDUSTRY AND TRADE**

**ON THE OCCASION OF THE MEETING OF
PRIVATE SECTOR EXPERTS ON INDUSTRIALIZATION
IN AFRICA**

ABIDJAN, 23 JANUARY 1995

Honorable Ministers,
Distinguished Representative of the Director General of UNIDO,
Your Excellencies the Ambassadors,
Heads of Delegation,
Ladies and Gentlemen,

I am greatly honoured and very pleased to bring you this morning the greetings of Cote d'Ivoire and its President, His Excellency HENRI KONAN BEDIE, and to chair the opening ceremony of this important conference entitled: **Meeting of Private Sector Experts on Industrialization in Africa.**

This meeting is organized at the initiative of the United Nations Industrial Development Organization (UNIDO) and I would therefore like to solemnly thank the UNIDO Director General, as well as all the representatives of international and Non-Governmental organizations for their endless efforts to help Africa bridge the economic gap separating it from the other continents.

On behalf of all the African delegations, I would especially like to express to the O.A.U. Secretary General, the Executive Secretary of the United Nations Economic Commission for Africa and the President of the ADB, our admiration for the vanguard role which they have, in collaboration with UNIDO, played in the industrialization of Africa.

The initiative for this meeting has been warmly welcomed by the Ivorian Government, since it very naturally falls in with the Ivorian tradition of dialogue instituted as a style of management of public affairs.

Indeed, Cote d'Ivoire, its President and its Government remain convinced that it is only through joint action backed by national as well as regional political will that Africa can succeed in breaking out of the vicious circle of poverty, famine and under-development.

It is for this reason that I once more wish to thank UNIDO for its initiative in convening this meeting which will, I am certain, enable private as well as public sector leaders to develop a common awareness of the nature of the problems Africa encounters in its industrialization process, as well as the possible remedies open to decision-makers.

I am particularly pleased about the smooth conduct of the preliminary discussions held in Vienna on 3 and 4 November 1994 involving UNIDO, OAU, ECA and ADB.

As you will have noted, these deliberations gave rise to significant proposals of solutions. The successful outcome of your discussions over the next five days will depend, ladies and gentlemen, on your ability to raise new ideas in relation to these proposals, which make up the main items of the agenda you will be studying during this meeting.

This conference which has brought you together for the five days and will without any doubt be an occasion for objective analysis of the state of African industry, should provide you the opportunity to consider various prospects, propose solutions aimed at remedying weaknesses and also make positive contributions to the advancement of our objectives with regard to industrialization in Africa.

We are all aware that, despite the adoption of declarations and various plans and programmes concerning industrial development in Africa, the industrial sector is still far from serving as the motor of the continent's economic development. While world industry is undergoing full-scale mutation, the share of industry in the gross domestic product has not changed at all in Africa over the past five years.

In some countries, the basis required to start up industrial activity is yet to be laid; in others, industry is still in embryo. As an overall trend, industry developed by 7.5% and 5.6% during the early decades of our independences and then heavily regressed during the 1980s.

This situation is attributed to a number of factors, but today we consider it less a question of determining the causes of this mediocre performance than of reviewing our past strategies with maximum lucidity, in order to readjust our objectives.

Honorable Director General of UNIDO, considering the key role the private sector could play in the industrialization of Africa, you have rightly deemed it imperative to seek the views and advice of its representatives on the following issues:

- 1) How the process of industrialization in Africa can be integrated into regional and worldwide concerns with direct bearing on Africa's socio-economic development;
- 2) The impact of the GATT agreements on industrialization in Africa;
- 3) The repercussions of the CFA Franc devaluation on the industrial sector in the UEMOA zone;
- 4) The effect of world technological progress on the socio-economic and industrial development of African countries;
- 5) The effect of debt crises on industrialization in Africa and the role of industry in working out a lasting solution in that regard;
- 6) Implementation of the treaty establishing the African Economic Community and particularly the protocol agreements governing industry, technology, energy and the environment;
- 7) Strengthening the role of the private sector in the African industrialization process;

- 8) The financial sector's requirements for the development of Africa's private sector;
- 9) The new criteria and mechanisms to increase the contributions of direct private investments and official development assistance to the industrial sector;
- 10) UNDP's contribution to the expansion of the private sector in Africa;
- 11) The terms and administrative provisions concerning the private sector forum to be held in BOTSWANA, in early June 1995, alongside the twelfth meeting of the Conference of African Ministers of Industry.

Wishing you every success in your proceedings, for the greater good of industrialization in Africa, I declare the first meeting of Private Sector Experts on Industrialization in Africa open.

THANK YOU

ANNEX VII

LIST OF DOCUMENTS

- Working Paper No.1** The industrialization of Africa within the context of current global economic developments prepared by Mr. A. Chambati, UNIDO consultant
- Working Paper No.2** The industrialization of African in the context of global economic developments, prepared by Mr. S. Lall, UNIDO consultant
- Working Paper No.3(a)** Implications of the Uruguay Round Agreements on Arican developing countries: Need for reorientation of industrial strategies and programmes, prepared by the UNIDO Secretariat
- Working Paper No.3(b)** Quality, standardization and metrology: Their impact on the GATT Agreement - Achievements in African developing countries, prepared by the UNIDO Secretariat
- Working Paper No.3(c)** Implications of the Uruguay Round Agreements on African developing countries: Executive Summary, prepared by the UNIDO Secretariat
- Working Paper No.4** Implications and impact of new technologies in African developing countries, prepared by the UNIDO Secretariat
- Working Paper No.5** Africa's external debt in respect of the industrial sector, prepared by the UNIDO Secretariat
- Working Paper No.6** New mechanisms for the mobilization of financial resources for industrial development of Africa, prepared by Mr. W. Rutherford, UNIDO consultant
- Working Paper No.7** Summary of the subregional workshop on the impact of the devaluation of the CFA Franc on the manufacturing sector of the countries of the West African Economic and Monetary Union, prepared by the UNIDO Secretariat

- Working Paper No.8** Notes on the private sector development and privatization in Africa, prepared by UNIDO Secretariat
- Working Paper No.9** Final Report of the meeting of technical experts of OAU, ECA, ADB and UNIDO on the industrialization of Africa, prepared by the UNIDO Secretariat
- Background Brief** Design and organization for the Private Sector Forum proposed to take place as a pre-conference activity to the 12th meeting of the Conference of African Ministers of Industry

THE INDUSTRIALIZATION OF AFRICA**MEMORANDUM TO THE SECRETARY-GENERAL OF OAU, THE EXECUTIVE
SECRETARY OF ECA, THE PRESIDENT OF ADB AND
THE DIRECTOR GENERAL OF UNIDO**

Three decades after the achievement of political independence, and despite the efforts deployed both by African countries and the international community, including the declaration of the 1980s and 1990s as decades for industrial development in Africa, few African countries have been able to register sustained industrial growth. Moreover, the pattern of industrialization in most countries has displayed such inadequacies as the failure to initiate and manage industrial ventures efficiently, a heavy dependence on expatriates for management skills, and on imports for some critical inputs; a failure to build up local capability; inappropriate technology decisions; low capacity utilization; few inter-industry linkages; and a high degree of state ownership through inefficient public enterprises.

In addition, exploitation of Africa's substantial energy resources, such as petroleum, natural gas, coal and uranium and strategic alloying and non-ferrous minerals has not been linked to a clear strategy of industrial development. At the same time, several declarations by African governments at various fora and levels of authority have recognized the critical role of industrialization on the long-term structural transformation of African economies, raising incomes and employment, diversifying exports, etc etc.

Despite this recognition, recent policies and programmes in Africa have tended to marginalize the role of industrialization to the extent that a process of deindustrialization has started to set in, in some countries. If this process is not halted and reversed, its repercussions on the implementation of the Abuja Treaty establishing the African Economic Community and Programme for the second IDDA will be serious and damaging.

Africa industrialization has faced serious problems in various areas, such as technology, manpower, heavy dependence on imports, financial resources, markets etc. These problems are not likely to disappear soon. In fact, recent developments in the global economic scene will most certainly compound these problems and further complicate Africa's effort to industrialize. These developments include the recent advances in technologies as well as the quick succession of associated processes and products and the increasing internationalization of production and trade;

The three technology sectors where the most rapid changes have occurred and are continuing are informatics (including computers) telecommunications and systems development; biotechnology and new materials. These developments have occurred in private companies, including transnational corporations which have, as a result of their monopoly over technology flows and

with a large financial backing come to occupy a preponderant position in the global economic relations.

One means of introducing new technologies in African industry is through the identification of investment opportunities, such as the manufacture of computer components, in which local entrepreneurs and joint ventures could be developed, taking into consideration local comparative advantage in respect of available trend skills and raw materials and promoted among financial institutions.

With the exception of South Africa, African countries lag far behind, in technology adaptation, applications and usage. There are problems associated with knowledge and capability to assess the impact of these changes. Yet without such knowledge and capability, African countries will be excluded totally from the increased technology, investment and trade flows that are expected from the Uruguay Round Agreements.

The issue is not whether or not African countries should participate in these flows. On the one hand, there is the contention that African industrialization should aim at satisfying internal demand, while production for the export markets should come later. On the other hand, it is common knowledge that African products will not be competitive on the world market for sometime.

The fact that African countries have signed the Uruguay Round Agreements on the liberalization of world trade in goods and services means that Africa would lose whatever trade preferences it was getting from the European Union, and leave its markets fully liberalized for unlimited imports from other signatories of the Agreements. In this connection, it has to be noted that despite the massive import liberalization regimes that have been adopted by African countries within the World Bank/IMF supported policy reforms and structural adjustment programmes, the expected inflow of foreign direct investment to these countries, have failed to materialize. This was because import liberalization was undertaken in a vacuum, without a clear coherent strategy linked to critical economic sectors and activities that were to benefit from such liberalization. What is required is for each African country to formulate and implement a programme of industrial restructuring backed up with effective policy instruments at the macro-economic and sectoral levels.

Two elements which are of primary and vital importance for global competitiveness are (a) the use of competitive production and marketing technologies; and (b) quality and standardization of products; and will therefore be increasingly necessary to establish quality and standardization of products in conformity to ISO 9000 standards for export markets and to local standards for national and subregional markets. UNIDO should intensify its assistance in this regard, including the development of quality certification bodies, at the national, subregional and/or regional level, notably with ARSO.

There is widespread consensus on the gravity of the African debt crisis, particularly sub-Saharan Africa. For more than a decade, the debt burden has worsened Africa's poverty and derailed recovery efforts. By 1993, Africa's foreign debt had climbed close to US\$ 285 billion, equivalent to over 95% of the continent's GDP. For Sub-Saharan Africa, the burden was heavier still: 123% of GDP. African countries as a whole are repaying over US\$ 20 billion a year (with sub-Saharan countries paying over half of this amount). This is roughly the equivalent to 30% of export receipts. This contrasts with the general tendency of stagnating net resource flows to sub-Saharan Africa since the mid 1980s.

Since the onset of the debt crisis, many adjustment programmes supported by the IMF and the World Bank have been implemented and debt relief measures have taken the form of concessional rescheduling and forgiveness. It is apparent that the Sub-Saharan African debt crisis is not just a short-term liquidity crisis, but more fundamentally it is a solvency crisis rooted in its trade imbalances and limited industrial base. Even if the whole debt were written off from one day to the next, the African countries would face the same problems in earning foreign exchange in the quantity needed for their development. The ultimate solution to the debt crisis therefore consists of broadening the industrial base and encouraging manufacture exports.

The sustainable industrial development of Africa would require, inter alia, institutional framework, good physical infrastructure, sound macro-economic context, qualified skills, efficient linkage between the industrial and agricultural sectors, and the existence of an industrial culture among existing and potential investors.

Alternative mechanisms for financing industry should be adopted, since the flow of finance from traditional funding mechanisms seems to be declining. To that end, there is a need to harness internal investment resources available, for example, in pension funds, building associations and insurance companies, with Governments guaranteeing such investments by providing markets. There is also a need to establish special financing facilities, such as community and peoples banks, along with extension services to their clients, to promote industries in the rural areas, since conventional commercial banks are not geared towards such activities.

RECOMMENDED ACTION

Given the different levels of industrial development among the African countries and subregions in respect, especially, to macro-economic, institutional, infrastructural, financial and training aspects, the strategies, policies and programmes being recommended below have to be adjusted in accordance with the actual needs of individual countries and subregions.

Policy and Institutional Framework:

- (a) Long-term strategies and policies should be revised, as need be, and new ones adopted, where they do not exist, for accelerating the industrialization of Africa within the framework of the Programme for the Second IDDA and based on individual and collective resource endowments and comparative advantages.
- (b) National workshops or consultations should be organized on the subject of industrial restructuring, to examine the implications of economic globalization and the Uruguay Round Agreements for industrial, technology and trade policies. The workshops should be organized with the close involvement of the private sector and development banks, and UNIDO, UNCTAD, ECA and ADB should provide effective support.
- (c) Training programmes should be established at the sub-regional level, for high level officials on public management with special emphasis on policy analysis in relation to the critical economic sectors. The programmes should be supported by ECA, ADB and OAU.
- (d) Permanent mechanisms should be established at the national and subregional levels to promote close working relationship between the public and private sectors.
- (e) Existing national and sub-regional mechanisms for the promotion of industrial development should be strengthened and new ones established, as need be, including strengthening the role of ministries of industry in the formulation and monitoring of industrial policies and support to the private sector.
- (f) Quality certification bodies should be strengthened and new ones established, where they do not exist at the national, subregional/regional levels, with UNIDO assistance, to assist local industry to produce, in conformity with ISO 9000 standards for those products destined for the global market or in conformity with local standards in respect of those products destined for national or subregional markets, and to issue the appropriate quality certificates.

Entrepreneurial Development:

- (a) Programmes for the development and strengthening of indigenous entrepreneurial capability should be formulated geared to the establishment of many Small and Medium Enterprises (SMEs), with special, emphasis on skills development, in areas such as management, production technology, planning and control, quality and standardization, accounting, marketing, strategic planning, computer application, including programmes for the promotion of TCDC. The programme should also

include the establishment of "business incubators" and "shell factories" for the promotion of young entrepreneurs into industrial activities.

The programmes should be supported with well organized business encounters, exposure missions, specialized fairs and exhibitions and workshops at the subregional level. UNIDO, ECA, ADB and OAU should provide greater assistance and support to African centres and organizations in these endeavours.

- (b) A televised programme (or through other effective support) aiming at disseminating entrepreneurial culture including computer culture at sub-regional and national levels should be developed and executed.
- (c) A programme of attachments of young Africans in industrial enterprises in Africa should be developed. The programme can urgently start on a pilot phase in a number of countries from various sub-regions. Such a programme should receive joint-financing by the ADB and UNIDO and implemented by UNIDO in association with relevant industries, chambers of commerce and other professional associations.
- (d) Adequate incentives and selective protection should be provided to SMEs.

Financial Support to SMEs:

- (a) Special industrial financing banks, or special 'windows' in the commercial banks should be established to provide soft loans to SMEs and industries in rural areas. African governments should enhance the capacity of the financial sector for intermediation between savers and borrowers. The range and outreach of financial institutions, commercial banks, insurance companies mutual funds, mortgage finance institutions, investment banks etc should be widened to this end.
- (b) African Governments should harness internal investment resources available, for example, in pension funds, building associations and insurance companies, with Governments guaranteeing such investments by providing markets. In addition, the establishment of special financing facilities, such as community and peoples banks, to promote rural development should be considered, since conventional commercial banks are not geared towards such activities. Such facilities should also develop extension services to their clients.
- (c) Mechanisms for refinancing should be set up to provide guarantee against loan default by SMEs. Subregional development banks should provide greater assistance in the financial intermediation effort of local banks.

- (d) Support should be provided by all African governments for the increase of resources of the African Development Fund and to the ADB venture capital initiative. The establishment of a Global Development Fund for Africa within the ADB, should be actively pursued.
- (e) Existing co-ordination mechanisms at the national level for the promotion of investment projects among funding agencies should be examined with a view to ensuring that priority is accorded to industrial projects.
- (f) African governments should intensify their efforts towards the maintenance of a stable macroeconomic environment in African countries including relative currency stability that offers adequate incentives to savings and investments. These efforts would, along with actions that should be taken to improve governance, help to reduce capital flight and discourage the repatriation of capital.
- (g) OAU, ECA, ADB and UNIDO should discuss the modalities of organizing a global economic (summit) conference, similar to the Casablanca Conference of October 1994, with the objective of countering the trend of marginalization of African development issues, altering the current gloomy perception of the continent and attracting increased flows of foreign direct investment.
- (h) OAU, ECA and ADB and African governments, should press the IMF to establish and allocate special Drawing Rights for African countries, especially the LDCs.

Africa's External Debt:

- (a) African countries and organizations should take concerted actions, with the support of the international community, towards the structural transformation of their economies, the only option to attain a durable solution to Africa's debt crises. The present predominance and concentration of their trade on few primary commodities needs to be radically broadened to include manufacturing goods. This, in turn, calls for broadening the industrial base in African countries, including the development, rehabilitation and maintenance of industrial plants, based on the countries' raw material endowments, along with associated necessary macro-economic technology and industrial policy reforms; human resources/technical skills and entrepreneurial development; and stable investment environment.
- (b) In addition to the above economic structural reforms, urgent steps and concerted measures should be taken to increase domestic savings, including reduction of capital flight, to increase export earnings not only from trade in primary commodities, but from increased trade in industrial

goods and services; expansion of external financial resource flows from multilateral and bilateral development agencies; and from direct foreign investors through increased joint ventures.

Technological Support:

- (a) National workshops should be organized with the participation of the private sector (SMEs) R and D institutions, universities and polytechniques, on the formulation or review/readjustment of science and technology policy, with special emphasis on improving indigenous capabilities and capacity for technology upgrading, absorption, application and adaptation. UNIDO, ADB and ECA should provide assistance and support.
- (b) National and subregional centres should be set-up for gathering, processing and disseminating industrial technology information. UNIDO and ECA should provide assistance and support in establishing linkages between African SMEs and foreign companies and in exploring opportunities for joint ventures and marketing.
- (c) Cooperation with the private sector, especially local entrepreneurs, should be intensified with a view to identifying priorities and potential investment opportunities based on targeted industrial sub-sectors and product groups which can be developed on the basis of comparative advantage, for export markets (in terms of global competitiveness and quality standard) and local markets for promotion among financing institutions.
- (d) National workshop should be organized for the private sector (SMEs) on negotiation of technology acquisition, including licensing agreements, joint ventures etc.
- (e) In addition to its current programmes on sensitization and development of awareness, UNIDO should also consider programmes relating to the production of components in selected countries with external technological participation and with the involvement of the African subregional and regional technology institutions.
- (f) UNIDO, in cooperation with ECA and other African subregional and regional technology institutions should also assist in planning and delivering specialized courses on software programming, and in formulating national informatics policy; as well as in the organization of workshops and seminars for the private sector on contract negotiations, technology acquisition etc.

- (g) The FAO, UNCTAD, ECA should be called to support UNIDO's efforts in strengthening African Materials Research Council.

Regional and Sub-regional Cooperation:

- (a) Given the limited national markets, a regional and subregional approach needs to be adopted in promoting industrial cooperation among African countries. The Treaty establishing the African Economic Community, including the Protocol on Industrial Development as well as other industrial cooperation arrangements (e.g. COMESA), need to be fully supported and put into operation as soon as possible. Local capacities and institutions and subregional organizations supported by international organizations, such as UNIDO, ECA, OAU and ADB, should build on the work already initiated by UNIDO in the elaboration of subregional industrial masterplans consisting, inter alia, of financial resources, institutions, industrial standards and technology, training and markets.
- (b) The workshops recommended on the implications of the Uruguay Round Agreements and economic globalization, the development of entrepreneurial capabilities, policy reforms and promotion of the private sector should also be organized at the sub-regional level with the support of UNIDO, ECA, ADB and OAU.
- (c) Intra-African Cooperation should be promoted with the close involvement of South Africa and taking advantage of the ECDC/TCDC mechanism to promote technology development and acquisition. The existing subregional and regional technology-related institutions in Africa should be effectively strengthened through:
- a reorientation of their programmes in support of priority areas/activities identified by the private sector;
 - a greater focus on providing information on technology developments trends and their impact on African socio-economic development;
 - identification and analysis of technology opportunities in and outside Africa, including special opportunities for technological cooperation;
 - focus on applied research and commercialization of findings.

Modalities and Timeframe for Follow-up Action:

The Uruguay Round Agreements will come into force on 1st January 1995, with a transitional period of five years. The major industrial restructuring programme which is called for should be initiated and implemented within the next five years starting from 1995, not only to meet the pressures from the Uruguay Round Agreements, but also to establish the conditions for self sustained industrial development.

The Executive Head of each organization may wish to consider submitting this Memorandum to the relevant legislative body of his organization, in accordance with its established procedures, as well as to the Twelfth Meeting of the Conference of African Ministers of Industry for consideration and decision on appropriate follow-up action.

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ANNEX IX

MAIN RECOMMENDATIONS OF THE BAMAKO (13-15 June 1994) AND
BRAZZAVILLE (30 November-3 December 1994) MEETINGS ON
THE IMPACT OF THE DEVALUATION OF THE CFA FRANC
ON THE MANUFACTURING SECTOR OF THE
CFA FRANC ZONE MEMBER COUNTRIES

The main recommendations of the workshops are:

1. The setting up of follow-up mechanisms, at national and at subregional levels, comprising representatives of the public and private sectors and of the donor community, in order to define the specific actions needed to revitalize and expand the manufacturing sector and to monitor the implementation process of the accompanying measures.
2. The adoption of a set of medium-/long-term multi-dimensional adjustment measures aimed at bringing about structural changes; translating into operational terms export promotion policies; and at reducing factor costs of production in industry. These measures include:
 - Change of public service practices and the easing of its procedures and formalities;
 - Simplification of fiscal and customs regulations;
 - Reform of social laws, labour codes and business laws;
 - Improvement of the banking system;
 - Rehabilitation of the institutional and physical infrastructure and environment for industry;
 - Reorganization of the other sectors linked to industrial activities (agriculture, transport and communications); and
 - Setting up of extension services for industrial enterprises in such areas as maintenance, technology acquisition, quality control, standardization, marketing, management, etc.
3. The establishment of an industrial promotion programme at the subregional/regional level, involving the private sector, including the setting up of an enterprise oriented economic information mechanism; and the promotion of private investment activities, particularly for export goods targeted both at the regional/subregional and at the world markets.

4. The design and implementation by chambers of commerce and industry and professional associations of sensitization campaign programmes with a view to promoting increased consumption of locally manufactured products, including quality improvement and packaging related activities.
5. Updating of the existing inventory of industrial enterprises in the subregion with emphasis on those enterprises which would be in a position to respond positively to the new structure of demand for manufactured products created by the redistribution of income after the devaluation.
6. An analysis of industrial branches/subsectors with strong potential for growth and competitiveness on the subregional, regional and international markets.
7. The industrial mapping of Central and West Africa presenting information on main industrial and agricultural production centres, transport routes and large urban concentrations, in order to assess existing manufacturing production units in the subregion in respect of their supply- or demand-orientation; to enable the industrial sector to respond more effectively to local, subregional and international market openings; and to adopt appropriate investment policies.
8. Identification and promotion of existing national and subregional subcontracting opportunities in order to stimulate new industrial investment. In this regard, the meeting in Brazzaville recommended, in particular, the setting up of a consultation mechanism between the authorities and industrial entrepreneurs in the Central African subregion designed to facilitate and expedite the implementation of regional customs and tax reforms which are at present having a significant impact on the performance of the manufacturing sector.

MEETING OF PRIVATE-SECTOR EXPERTS ON THE INDUSTRIALIZATION OF AFRICA
(ABIDJAN, COTE D'IVOIRE, 23-27 JANUARY 1995)

CLOSING SPEECH

BY

CLAUDE MEFE M'ONDO

CHAIRMAN

Abidjan, 27 January 1995

- Your Excellency, The Minister of Industry and Trade,
- Secretary-General of the African Business Round Table,
- Representatives of the Director-General and Secretariat of UNIDO,
- Distinguished Experts,
- Ladies and Gentlemen,

In making these official concluding remarks on our work here at Abidjan, I should first like to express my appreciation to the experts from the private sector, international organizations and government officials who have participated in this meeting for their sound grasp of the difficulties and constraints facing Africa's industrialization. Their contribution to the discussions has been of such a high standard that I am convinced of a positive reorientation of the continent's industrialization strategy.

The results of our work will provide a major boost to the promotion of industrialization in Africa.

Specific recommendations have been formulated by the private sector and the experts as a whole concerning:

- The new culture to be established and disseminated in everyday acts across our different countries;
- The strategic, long-term vision of Africa's industrialization, which we must begin work on right away, for it must be understood that "we do not inherit the earth of our ancestors but we borrow the earth of our descendants". And where there is borrowing or debt, there is repayment.

And so, what industry in Africa will we pay back to our descendants: an industry that will definitely commit Africa to the failures of history or an industry that will bring Africa into the field of international competition as a partner sure of its footing, proud of the skills of its managers and of all its offspring too long treated as spoilt children, and displaying the efficiency of its private sector before the world?

We have, I believe, here at Abidjan chosen the latter of these options.

Africa's private sector must consequently stop complaining and expecting all from the international organizations and States, which are now growing weary of doing everything on our behalf.

"No one can develop his country with a borrowed culture."

Together, we have just approved the new culture of African industry. We must now adopt it individually and collectively, tailor it to the realities of each country, and make it positive, active and dynamic.

We accordingly attach great importance to the organization of the forum in Botswana in June 1995, in the course of which the private sector and Governments are to find the necessary compromise that will lead to a global plan of action for the entire continent.

We therefore appeal to the African Development Bank, to the United Nations Development Programme, to the African Business Round Table (ABR) and to all other bilateral aid and assistance agencies to play a forceful role in ensuring the success of this forum, particularly in regard to:

- The technical and financial arrangements;
- The implementation and follow-up of the recommendations and plan of action to be adopted.

We accordingly urge this body to resolutely take up the new industrial culture which we have agreed upon here at Abidjan and to gear its operational methods to this new approach through the introduction of more direct mechanisms for cooperation with the private sector.

Finally, we hope that, in order to build its credibility and authority on the basis of the businessmen of the continent, ABR will strictly monitor the quality of its membership.

For it to become a valued body and a powerful pressure group, ABR must ensure its moral and financial independence and free itself from the direct tutelage of any donor agency capable of manipulating its strategies or actions.

We hope that ABR will avoid to the utmost all manifest collusion between business and politics, at the risk of cutting itself off from the thrust of Africa's real and proper private sector.

Ladies and gentlemen, the whole of the recommendations and joint compromise that we have worked out in the course of this Abidjan meeting must become the solid platform and permanent foundation on which we will build this efficient, competitive and powerful industry that Africa is now obliged, at the risk of its demise, to show to the rest of the world.

Thank you.