



**UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL**

Distr.
LIMITED

E/CN.14/INR/213
29 August 1975

Original: ENGLISH

ECONOMIC COMMISSION FOR AFRICA

**REPORT OF THE SECOND MEETING
OF THE FOLLOW-UP COMMITTEE ON INDUSTRIALIZATION
IN AFRICA**

(Addis Ababa, 11 and 12 August 1975)

I. INTRODUCTION

1. The second meeting of the Follow-up Committee on Industrialization in Africa was held at Addis Ababa on 11 and 12 August, 1975.

2. The following members of the Committee attended the meeting: Mr. Issa A. Shahin, Minister of Industry and Mining, Egypt, Mr. J.G. Kiano, Minister of Commerce and Industry, Kenya, Mr. Louis Alexandrenne, Minister of Industrial Development and Environment, Senegal, Mr. Adebayo Adedeji, Executive Secretary, Economic Commission for Africa, Mr. A.E. Osanya-Nyeneque, Assistant Secretary-General, Organization of African Unity, and Mr. Albany Sylla, Secretary, Industrial Development Board, United Nations Industrial Development Organization.

II. ACCOUNT OF PROCEEDINGS

3. Mr. Shahin, Minister of Industry and Mining, Egypt, in his capacity as Chairman of the Follow-up Committee, presided over the meeting. In his opening statement he recalled the work and the recommendations of the first meeting of the Follow-up Committee and expressed the hope that the present meeting would represent a step towards the fulfilment of the aspirations of the African nations. He emphasized various aspects of industrialization in Africa as pinpointed in the Cairo Declaration and the Lima Declaration and Plan of Action on Industrial Development and Co-operation. He stated that specific measures and actions should be initiated in order to achieve the target of increasing Africa's share in world industrial production to over 2 per cent by the year 2000, taking into consideration a more even distribution of industrial activity within Africa. Under this scheme greater processing of indigenous raw materials should be given high priority. He reiterated the need for a regional system of consultations, monitoring and stimulating industrial development of African countries to be organized and serviced jointly by ECA and UNIDO aiming at the identification, formulation, evaluation and promotion of viable industrial projects with particular emphasis on export-oriented and multinational projects. The system should co-ordinate national policies between developed countries and Africa through regular intensive negotiations.

4. In order to implement the Lima Declaration and Plan of Action it was necessary to secure sufficient financial flows to African countries. Also additional efforts should be initiated to attract financial resources from developed countries which were able to provide them with export-oriented industries.
5. The Chairman stated that more attention should be paid to promoting African exports of manufactured products to the world market and to improve intra-African trade, in particular in products utilizing local raw materials.
6. He mentioned that ECA should provide services to African countries in order to create producers' associations for the principal commodities with the purpose of exchanging market and technical information and of expanding their industrial capacity.
7. The Chairman suggested that UNIDO and ECA should devote particular attention to the problems faced by African countries in securing the appropriate transfer of technology by creating advisory groups on industrial technology and by establishing long-term programmes of technological development. Technological development should be linked with training industrial manpower and management and with the establishment of appropriate training institutes at the subregional and regional levels.
8. In his address to the Committee, Mr. Adebayo Adedeji, Executive Secretary of ECA, said that the meeting was taking place at an opportune time because of the expectations aroused by the determination of the international community to establish a New International Economic Order.
9. He recalled that the first meeting of the Follow-up Committee on Industrialization had devoted its attention to defining a common African position preparatory to the Second General Conference of UNIDO. That position was clearly reflected in the Lima Declaration and the Plan of Action which took account of the recommendations first formulated by the Follow-up Committee. In the light of the Declaration, ECA had recently submitted to the OAU Council of Ministers in Kampala tentative proposals outlining priority programmes and projects and suggesting strategic approaches in their preparations for the seventh special session of the General Assembly.
10. The Executive Secretary pointed out the serious economic difficulties faced by African countries because of the rising cost of industrial inputs and of the inadequacy of export earnings in coping with that cost. He also stated that considerable progress had been achieved in integrating and consolidating national markets by building up internal roads, creating telecommunications facilities and co-ordinating the activities of African shipping lines. He emphasized the relevance of consultation machinery in the implementation of the targets of the Lima Declaration. Stating that the interdependence in the development of African countries made it necessary to secure financial flows and to make better use of available national resources, the Executive Secretary also pointed out that the Second Meeting of the Follow-up Committee had a dual task before it. The first aimed at promoting sound multinational and regional projects; and the second at mobilizing an adequate level of aid resources.
11. Mr. A.E. Osanya-Nyenneque, Assistant Secretary-General of OAU emphasized the current discussions on the three concepts relating to the restructuring of the world economy (a) the New International Economic Order, (b) international interdependence and (c) new international co-operation. He pointed out the intentions of developing and developed countries in that connexion and urged the meeting to strengthen the ongoing consultations among African countries. He also warned of two major difficulties, namely that

the developed countries were going to the special session of the General Assembly to advocate interdependence and co-operation and that they did not envisage any substantial change in the existing world economic order. Secondly, the New Economic Order did not necessarily guarantee a better share of economic benefits to Africa. Therefore the meeting should, at the outset, categorize the needs of African countries and advise the coming Conference of Ministers of Industry how the objectives could be achieved.

12. Mr. Almamy Sylla, Secretary of the Industrial Development Board of UNIDO, emphasized the importance of the Dakar Conference on Raw Materials and Development and its relevance in the restructuring of the world economy. He pointed out the political aspects of determining priorities according to the different levels of development in Africa. He informed the meeting that UNIDO would advocate some modifications to the mandate of the Committee and its operations. Finally, he urged the Committee to come up with a plan of action to be submitted for approval to the forthcoming third Conference of African Ministers of Industry at Nairobi.

13. A representative of the ECA secretariat introduced document CMI/PCIA.2/WP/1 entitled "Action Proposals for the Implementation in Africa of the Lima Declaration and Plan of Action on Industrial Development and Co-operation". He informed the Committee about the measures that were being pursued to mobilize bilateral and multi-lateral assistance to implement the decisions of the second Conference of African Ministers of Industry. A joint ECA/UNIDO programme of work which derived its justification from the guidelines set out by the Conference was approved at the twelfth session of the Commission. Further, the work of the Committee had been instrumental in promoting a consistent African position on international industrialization issues.

14. The representative of ECA further stated that, in pursuance of the recommendations of the second Conference of African Ministers of Industry and the first meeting of the Follow-up Committee, a study on the price relationships between commodities and manufactured products was under preparation; the draft terms of reference for the establishment of an African Mineral Development Council were being drawn up; and a study on the implications of raising Africa's share of world industrial production from its present level of 0.6 per cent to over 2 per cent by the year 2000 was being finalized. Those studies would be examined by the third Conference of African Ministers of Industry.

15. The document before the Committee was intended to be used as a basis for discussion with the aim of defining priority areas of action; selecting specific proposals on programmes and projects; suggesting appropriate implementation procedures including the role and functions of the Committee and the biennial Conferences of African Ministers of Industry; and formulating measures for mobilizing the necessary resources.

16. The representative of UNIDO emphasized the need for developing a system of consultations which should be worked out by the Committee in order to promote multinational industrial projects taking account of the conditions peculiar to each country or sub-region. In that connexion, he urged the Committee to pay special attention to the problems of the least developed countries, since the objective was to secure overall and equitable industrial development.

17. The present distribution of world wealth and economic power could not be continued. It was unthinkable to maintain the status quo whereby the developed countries indulged in unchecked consumption. The objective of setting the quantitative target of over 2 per cent as Africa's share of world industrial production by the year 200 was a means of promoting the restructuring of the world economy. The third Conference of African

Ministers of Industry should determine the policy framework by which priorities were set; and OAU should provide the psychological and political support for Africa's priorities so as to enable ECA and UNIDO to carry out the measures needed to implement the Lima Declaration particularly in regard to the redeployment in Africa of productive facilities. Specific terms of reference and a new mandate were required for the follow-up Committee to assume an operational role in a scheme of regional and global consultations.

18. The representative of Kenya stated that document CMI/PCIA.2/WP/1 provided a basis for the formulation of concrete proposals aimed at the implementation of the Lima Declaration. He considered that the proposals presented were clear cut and that each institution proposed had an identifiable objective. It was, however, necessary to examine each proposal carefully as there was scope for combining the functions of a number of them. The aim should be to select three or four areas to concentrate efforts and resources. High priority should be accorded to the establishment of an African Mineral Development Council and an African Institute for Management Development. Most of the remaining proposals were amenable to combination and reformulation. There was no question, however, about the importance of multinational co-operation to African industrialization objectives and furthermore there was need for collective action in investment promotion to strengthen the African negotiating position with foreign investors. He urged that high priority should be given to the creation of producers' associations to bring about a more rational and equitable pricing policy for commodities. The third Conference of African Ministers of Industry should strongly endorse this approach.

19. Turning to the question of the resources required to implement the programme of regional institution building, the representative of Kenya emphasized that financial prudence should be exercised. Funds available to Governments were not unlimited and projects had a better chance of securing financial support if these were to be directed to a few high priority areas. He recommended that the costs of each proposal should be identified and a budget prepared for the consideration of the third Conference of African Ministers of Industry.

20. The Executive Secretary of ECA pointed out that multinational co-operation was the result of deliberate efforts and that infrastructural development was a decisive factor in the realization of multinational industries. Institutional and manpower capacities also needed to be developed as a matter of urgency. However, institution building should start on a modest scale and serve multiple purposes at least in the initial stages. He, therefore, considered that based on the proposals made in the document, immediate attention could be directed to setting up the following four institutions: (a) African Centre for Design, Adaptation and Transfer of Technology, (b) African Centre for Consulting Engineering Services, (c) African Centre for Iron and Steel, and (d) African Regional Standards Organization. With regard to the proposed establishment of an African Mineral Development Council, he expressed the view that more could be achieved through building up sectoral institutions where the specific case and requirements of each mineral could be handled more efficiently. Considering that the development of managerial cadres should take account of the uniqueness of countries and specifically of the economic, political and social milieu of communities, it was difficult to appreciate what a regional management institute could achieve. There was greater need for a programme designed to strengthen national management institutions.

21. Referring to the proposed Industrial Development Fund, the Executive Secretary stressed that it was necessary for countries to make financial contributions to the programmes and projects proposed. Such contributions, apart from strengthening outside efforts, aimed at developing African self-reliance and furthermore provided seed money as a basis for negotiations with donors. This would reassure donor countries and demonstrate the seriousness of African countries' commitment to their own development.

22. The representative of Senegal stated that the developing countries could not continue to be dictated to by the developed countries with regard to raw materials. He recalled that in Lima a consensus had been reached between developing and industrialized countries to transform UNIDO into a specialized agency and to make it a more operational instrument for industrial development. With regard to the Industrial Development Fund, he said that African countries should make a significant contribution to the Fund in order to demonstrate their self-reliance. In that connexion, he emphasized the importance of African solidarity and the need to translate the programme of Afro-Arab economic co-operation into action. He supported the proposal for creating producers' associations but, with regard to the African Mineral Development Council, he preferred a sector-by-sector approach because of its greater and more immediate impact.

23. With regard to regional co-operation, infrastructural development was of crucial importance. A coherent programme to develop electrical energy was also required because of the serious difficulties encountered as a result of the high costs of energy. He drew the attention of the Committee to the need for strengthening of the existing infrastructure at the subregional level, and in particular of transportation facilities, taking into account the need for free movement of goods and persons. In his opinion, the quantitative targets set in the Lima Declaration were not exaggerated and he considered that it was doubtful that the long-term projections to the year 2000 were adequate. He suggested that they should be accompanied by intermediate, medium-term objectives which would be easier to check.

24. Regarding the mechanism for co-operation and consultation, he distinguished between the horizontal level, which should strengthen co-operation among African countries, and vertical co-operation with the industrialized countries. Some forms of technical assistance from the industrialized countries were costly and not always adaptable to African needs. Not much emphasis was being placed on intra-African co-operation which was an obvious weakness in policies. It was most important for ECA, OAU and UNIDO to promote the effective utilization of this untapped resource.

25. The representative of the Arab Republic of Egypt stated that the priority areas should be embodied in an overall scheme for industrial development in Africa with a view to achieving the quantified targets set for Africa's share in world industrial production. Greater emphasis should be placed on the manufacture of essential mass consumption goods, co-operation in multinational industries; increasing participation in world trade; processing of African raw materials; and on industrial specialization and complementarity. With regard to the regional instruments for action, he proposed that action should be carried out by the Joint ECA/UNIDO Industry Division. Within the framework of the overall scheme of industrial development in Africa, the functions of the Division should be re-defined and the number of its staff increased to enable the Division to cope with its new responsibilities. He also proposed that the Joint ECA/UNIDO Industry Division should carry out all investment promotion activities and promote the transfer of technology. He supported the implementation of the proposed projects at the regional level, but suggested that it would be more appropriate to consider the establishment of individual and separate mineral producers' associations,

rather than an umbrella organization such as the African Mineral Development Council. Concerning the mechanics of implementation he favoured the expansion of the Committee's membership to 12 not including the sponsoring organizations and the Chairman. The Committee should be the focal point for the promotion of multinational co-operation. Further, it was well placed to play a pivotal role in a scheme of consultations aimed at the implementation of the Lima Declaration. He proposed that the Committee should endorse the role and functions suggested for the Committee in document CMI/FCIA.2/WP/1 and the biennial Conferences of African Ministers of Industry.

26. In the general discussion that followed, the participants devoted further attention to the proposals concerning priority areas of action; the building up of institutions, and the procedures, approaches and resources needed to implement the Lima Declaration. With regard to priorities, the Committee endorsed the proposals outlined in document CMI/FCIA.2/WP/1. There was also wide agreement on the need to aim for modesty and selectivity in the programme of institution building.

27. The Committee felt that the creation of sectoral producers' associations was to be preferred to the proposal to establish an African Mineral Development Council. Several participants stressed the need to give high priority to the promotion and development of managerial skills. Training programmes for managers should be developed and pursued as a matter of urgency, as should in-plant training schemes. The proposal to create an African Institute for Management Development was not only useful for producing managerial cadres but also helpful to the achievement of multinational industrialization objectives. In that connexion, the Chairman pointed out that middle management was more important than capital.

28. With regard to the proposed role and function of the Follow-up Committee, participants felt that the Committee should be the focal point in Africa for the consultations to be pursued to redeploy world productive facilities. It should monitor progress and submit appropriate recommendation to the Conference of Ministers. To cope with its added responsibilities its membership should be increased and the Chairman should become the intermediary for the sponsoring organizations in matters of follow-up action with Governments. In that connexion, the members of the Committee reaffirmed that the implementation of the above recommendations should fall within the general framework of the implementation of the Lima conclusions and the responsibilities of UNIDO.

29. On the question of resources needed to implement programmes, projects and schemes, the Committee stressed the importance of country participation in financing. To that end the Committee recommended that the sponsoring organizations should prepare cost estimates for each programme proposal for the consideration and approval of the third Conference of African Ministers of Industry. Intra-African co-operation also constituted an important means for programme implementation. In that connexion, the Committee was informed of the stage reached in Afro-Arab co-operation. The Joint OAU-Arab League Ministerial Committee on Afro-Arab Co-operation had prepared a draft declaration for adoption at the forthcoming Afro-Arab Summit Meeting. Furthermore, the Arab League had already established the Arab Bank for African Development. The Bank's headquarters were at Khartoum and it was scheduled to commence operations in September 1975 with an initial capital of \$US 250 million which eventually would be increased to \$US 750 million. The League had also decided to establish a Technical Assistance Fund for Africa with \$US 25 million. ECA and UNIDO could seek and secure funds from this source for subregional and regional projects.

30. The Committee also called for a timetable for the implementation of the proposals recommended by it. The timetable should be submitted to the forthcoming third Conference of African Ministers of Industry. With regard to the steps taken to implement the Lima Declaration in Africa, the Committee took note of the paper submitted by UNIDO entitled "Programme of activities of UNIDO at the level of the African region based on the Declaration of the second Conference of African Ministers of Industry and the Lima Declaration and Plan of Action".

31. At the conclusion of its deliberations on agenda item 3, the Committee made the following recommendations:

(a) Priority areas for action

- (i) Identification, formulation and promotion of large-scale export industries based on African natural resources, notably iron and steel, chemicals and fertilizers, agriculture-based industries and engineering industries;
- (ii) Identification, formulation and promotion of large-scale multinational industries, so as to intensify import-substitution industrialization;
- (iii) Preparation and promotion of industrial programmes and projects that could be implemented within the framework of schemes for redeploying industries;
- (iv) Promotion of viable import-substituting and export-promoting small-scale and medium-scale industries for mass consumption goods and the processing of African raw materials for implementation in particular in the least developed countries.

(b) Regional instruments for action

- (i) Initiation and intensification of multilateral consultations on multinational industries; and, to this end, the launching at the earliest possible date of the regional project on multinational industrial co-operation in the Africa region as recommended at the first meeting of the Follow-up Committee on Industrialization in Africa;
- (ii) Development and strengthening of machinery and procedures for pre-investment studies and the setting up at the regional level of an African Centre for Consulting Engineering Services to identify, evaluate and select viable projects in the priority areas indicated in the Lima Declaration, namely, agriculture-based and agro-industries, iron and steel, chemicals and engineering industries;
- (iii) Establishment of an African Centre for the Design, Adaptation and Transfer of Industrial Technology;
- (iv) Promotion and establishment of an African Standards Organization;
- (v) Promotion of the establishment of producers' associations on a product-by-product basis and the creation of an African Centre for Iron and Steel Industry;

- (vi) Promotion and development of training programmes, in particular of medium management cadres and the establishment of African Institutes for Management Development;
 - (vii) Promotion of programmes and projects to foster intra-African co-operation in the exchange of experience including the strengthening of existing training facilities, for example, in forest-based industries, industrial research, etc., to benefit other countries. The Committee decided that instrument for regional action should be established and developed jointly by UNIDO, ECA and OAU within the framework of the decisions of the Assembly of Heads of State and Government of OAU. Each organization would operate within its respective field of competence.
- (c) Role of the Follow-up Committee on Industrialization
- (i) To formulate regional programmes of follow-up action and to monitor the implementation of the Lima Declaration;
 - (ii) To act as the African focal point in the system of global and sectoral consultations;
 - (iii) To foster collective action on policies and programmes through a system of reporting to the biennial Conferences of African Ministers of Industry and of maintaining direct contact with African Governments in periods between Conferences;
 - (iv) To act as a regional arm of the Industrial Development Board in discharging its global responsibilities for monitoring the implementation of the Lima Declaration in accordance with Board resolution 45(IX);
 - (v) To mobilize bilateral and multilateral assistance to implement priority regional projects that would contribute to the achievement of the objectives of the Lima Declaration.
- (d) Strengthening of the Follow-up Committee on Industrialization in Africa
- (i) To enable the Committee to discharge its added responsibilities it would be desirable to increase its membership to at least 12 representatives of countries selected on the criteria of subregional balance, representation in the governing bodies of the United Nations system, level of industrialization, etc.;
 - (ii) The Committee should meet at least twice a year; to enable it to do so, the sponsoring organizations, ECA, OAU and UNIDO, should make available the financial resources required;
 - (iii) The Chairman of the Committee should act as the main and authoritative intermediary for the sponsoring organizations in their contacts with Governments in respect of the implementation of the Lima Declaration;
 - (iv) For that purpose, the sponsoring organizations should keep the Chairman fully informed of new initiatives taken and difficulties encountered;

- (v) Financial provision should also be made to permit the convening of ad hoc meetings of the Committee at the request of the Chairman or to mount missions to individual countries on policy and programme formulation and implementation.

(e) Role of the biennial Conferences of African Ministers of Industry

- (i) To keep under constant review progress in industrialization through the exchange of experience and the examination of specific issues and to recommend suitable measures and programmes to speed up and maintain the process of industrialization in Africa;
- (ii) To promote harmonization of policies and programmes and to foster collective action in developing export and multinational industries, in effectively utilizing Africa's manpower, financial and physical resources and in mobilizing external resources on an equitable and mutually beneficial basis;
- (iii) To define common positions of African countries on international industrialization issues and to ensure that they are fully reflected or incorporated in global policies, programmes and institutional arrangements;
- (iv) To examine the reports of the Follow-up Committee on Industrialization in Africa and to give the Committee the mandate and authority to pursue follow-up action aimed at the implementation of the Lima Declaration;
- (v) To give directives to the sponsoring organizations, as the principal bases for action, on priority programmes and projects to be incorporated in their programme of work in the field of industry;
- (vi) To report to the OAU Council of Ministers so as to secure the support and endorsement of the Assembly of Heads of State and Government for the priorities for action recommended by the biennial Conferences.

(f) Mobilization of resources

- (i) African countries should contribute the financial inputs required for the implementation of the programmes and projects identified above. The seed capital that was mobilized would form the basis for further negotiations with bilateral donors;
- (ii) Intra-African financial co-operation should aim at providing Africa's contribution to the proposed Industrial Development Fund. ECA and UNIDO should seek and secure preinvestment funds from such sources as the Arab Bank for African Development and the Afro-Arab Technical Assistance Fund to implement the programmes and projects identified above;
- (iii) The programmes and projects should be costed and a budget prepared which should be submitted to the third Conference of African ministers of Industry for its consideration and agreement.

32. The Committee also drew up the following provisional agenda for the third Conference of African Ministers of Industry:

1. Opening session
2. Election of officers
3. Adoption of the agenda and organization of work
4. Report by the Chairman of the Follow-up Committee on Industrialization in Africa
5. Mid-term review of industrial performance in Africa
6. Implementation of the Lima Declaration
 - (a) Perspectives of industrial growth during the period 1975-2000
 - (b) International industrial co-operation
7. Consideration of draft resolutions and recommendations
8. Date and place of the fourth Conference of African Ministers of Industry
9. Adoption of the report

33. At its closing session the Committee examined the report and recommendations of the drafting committee, which it then adopted.

34. The Chairman directed the secretariats of ECA and UNIDO to prepare a draft report on the work of the Committee since the second Conference of African Ministers of Industry. The report, when finalized, would be submitted to the third Conference of African Ministers of Industry scheduled to be held at Nairobi from 17 to 22 December 1975 for consideration under agenda item 4.

35. Having expressed thanks to the organizers of the second meeting of the Follow-up Committee on Industrialization in Africa, the Chairman declared the meeting closed.