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PROGRESS REPORT ON ACTIVITIES IN SOME PRIORITY AREAS  
AND IMPLEMENTATION OF RECOMMENDATIONS MADE BY THE  
THIRD CONFERENCE OF AFRICAN MINISTERS OF INDUSTRY

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## I. INTRODUCTION

1. In its "agreed conclusions"<sup>1/</sup> the Third Conference of African Ministers of Industry formulated a number of guidelines and recommendations for the implementation of the Lima Declaration at the regional level. These guidelines and recommendations are the standards against which actual implementation should be measured. An examination of the Conference's recommendations shows that the follow-up should be concerned with progress made in the areas of institution building, industrial consultations, priority industries, industrial financing, intra-African trade in manufactures and semi-manufactures, and special measures to promote industrialization in the least developed countries in Africa.

2. In regard to institution building, documents are being submitted to the third meeting of the Follow-up Committee concerning the establishment of certain inter-country projects and the African Industrial Development Fund. As far as the African system for industrial consultations is concerned, its basic elements are discussed in a separate document submitted for consideration by the Committee.

3. This report concerns the activities of the Joint Industry Division (JID), including of course the continuing regional projects (the ECA/FAO Forest Industries Advisory Group and the ECA/FAO Food and Agricultural Industries Advisory Group), in some priority areas. The report also refers to action taken by both ECA and UNIDO towards the implementation of the Conference's recommendations in the areas of industrial financing, expansion of intra-African trade in manufactures, and special measures to promote industrialization in the African least developed countries.

## II. ECA ACTIVITIES IN SOME PRIORITY AREAS

4. In order effectively to implement the Lima Declaration and Plan of Action at the African regional level, recent ECA activities have been particularly concerned with the promotion of basic industries, the development of processing industries, the encouragement and support of small-scale and rural industries and the intensification of industrial manpower development programmes at various levels. The attention of the Follow-up Committee is drawn to ECA's activities, and particularly those of the JID, in these priority areas.

### Basic industries

5. JID had recently contributed documents on "Some aspects of the development of metal consuming sector in African countries", <sup>2/</sup> and "Some aspects of the development of engineering industries in Africa - Part I: Machinery Non-electrical". <sup>3/</sup> Both documents provide background information for pre-feasibility studies to be undertaken for these basic industries in Africa.

<sup>1/</sup> Report of the Third Conference of African Ministers of Industry (E/CN.14/649), pp. 18-26.

<sup>2/</sup> JID internal document No. IND-89.

<sup>3/</sup> JID internal document No. IND-63.

6. In the area of chemicals, which are also basic to African industrialization, JID has recently prepared documents for two chemical subsectors, namely fertilizers <sup>4/</sup> and pharmaceuticals. <sup>5/</sup> These provide basic background material for African multinational industrialization in the chemical sector. It was expected that this groundwork would be followed by pre-feasibility studies by consultants and/or bilateral experts if funds were available and government agreement and understanding secured for follow-up action. But unfortunately the inter-country projects on fertilizers and pharmaceuticals have not yet been given sufficient push.

#### Food and agricultural products industries

7. These are the concern of the ECA/FAO Advisory Group on Food and Agricultural Industries Development attached to JID. This UNDP-financed project was started in September 1975 as a preparatory phase for one year with one post of project manager. Pre-project activities included the provision of two experts funded by bilateral aid. The project is included in the proposals for the UNDP Inter-Country Programme 1977-1981. Its continuation is indispensable to the implementation of the Lima Declaration at the African regional level.

8. The ECA/FAO Advisory Group on Food and Agricultural Industries Development conducted missions to 13 African countries, <sup>6/</sup> mostly from the least developed group, with the aim of surveying and studying existing food and agro-industries, identifying new projects and exploring possible development of these industries on a national and/or multinational basis. On the basis of fact-finding and reporting by the Advisory Group, basic problems affecting food and agricultural industries in Africa have been identified, and some proposals and recommendations have been made.

9. In identifying difficulties facing food and agricultural industries in Africa the Group pinpointed:

- (i) The need to extend information and surveys on existing industries to other countries and up-date them periodically;
- (ii) The need for further studies to identify and formulate projects on a multinational basis in industries such as meat products, sugar, oils and so on;
- (iii) Smallness of domestic markets and the need for export promotion through market research, developing marketing techniques, improving product quality, and so on;
- (iv) The uneconomic operation of industries far below full production capacity owing to the unsteady flow of raw materials which, in its turn, is due to the preponderance of crop cultivation and livestock raising by subsistence farmers using traditional agricultural practices;

<sup>4/</sup> "Africa and the fertilizer industry: a review of the industry in the light of recent world-wide developments" (E/CN.14/INR/212).

<sup>5/</sup> "Pharmaceuticals in Africa" (E/CN.14/INR/217).

<sup>6/</sup> Botswana, Burundi, Ethiopia, Kenya, Malawi, Swaziland and the United Republic of Tanzania from Eastern Africa, and Benin, Ghana, the Ivory Coast, the Niger, Nigeria and Senegal from West Africa.

- (v) The lack, in most African countries, of small-scale and medium-scale modern technologies with which they can manufacture products of high quality and lack of R and D institutions with adequate pilot plant for the adaptation and development of technologies;
- (vi) Shortages of trained personnel in the areas of food and agricultural technology, management and marketing; and
- (vii) Inadequacy of financial resources.

10. Some proposals and recommendations were made by the Group to develop this industrial subsector, which the Lima Declaration and Plan of Action assigns top priority. At the national level, the Group recommends the establishment of suitable organizations for agro-industries development to assess the needs, formulate sectoral plans for integrated agro-industrial development, identify areas where assistance is required, assist, in co-operation with consultants and national research institutions, in techno-economic feasibility studies for the improvement of existing agro-industries and/or the establishment of new industries, and advise on matters of development policies, research, technology transfer and training. At the regional level, the Advisory Group, if sufficiently strengthened and supported, could co-operate fully with national institutions in laying down priorities; preparing feasibility reports; formulating national and multinational projects; assisting in transfer of technology, research and training; and so on.

#### Forest-based industries

11. The ECA/FAO Forest Industries Advisory Group (a UNDP-financed project attached to JID) has been undertaking relevant activities in this area since 1968. The Group has provided technical assistance to African countries through its advisers in sawmilling, marketing, training, charcoal production, pulp and paper, and so on. During the period 1971-1975 alone it produced 56 studies and reports, and at least 30 have been issued since the adoption of the Lima Declaration and Plan of Action. The Group's reports have revealed interesting facts about the place of developing Africa in world output of forest products, difficulties affecting the forest industry in Africa, and proposals and recommendations for its development.

12. The Group has pointed out that although the developing countries of Africa possess about 8 per cent of the world total standing volume of closed forest, their productivity is currently very low. Of world production, developing African countries produced only 2.4 per cent of industrial roundwood, 0.8 per cent of sawnwood, 1 per cent of wood-based panels and 0.2 per cent of wood pulp. <sup>1/</sup> The closed forest area, which is centred in Central and West Africa, is rapidly diminishing in the face of shifting cultivation and other agricultural demands. In addition, some 6.1 million square kilometres of land area is covered with woodland and scrub in varying stages of conversion to agriculture and savanna. Smaller areas of montane forest suitable for the introduction of exotic species exist. As natural forests dwindle and their usefulness declines, so the establishment of man-made forests becomes more urgent for the future.

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<sup>1/</sup> 1973 figures.

13. In identifying difficulties facing the forest industry sector in developing Africa, the Group observed that:

- (i) There was a lack of studies to provide better knowledge of wood availability, since inadequate knowledge of the resource base frequently leads to inappropriate and unco-ordinated resource use;
- (ii) Unco-ordinated land use planning frequently leads to fragmentation and alienation of the forest resource, with disruptions in essential long-term planning and development;
- (iii) The lack of firm recognition and application of priorities in the total developmental sector leads to fluctuations in the level of priority accorded to forestry and forest industries which, in turn, leads to uncertainty in planning and execution, changes in policy, dispersal and wastage of effort;
- (iv) The need to maximize production in order to create employment and foster self-sufficiency requires considerable capital investment in forest industry, which is not always readily available;
- (v) The uneconomic partial resource use which centres on a few well known tree species of proven characteristics leaves unused a large proportion of the naturally occurring but lesser-known species;
- (vi) There is a shortage of trained and experienced personnel at all levels; and
- (vii) Local markets for forest products are inadequately organized.

14. In order to overcome these difficulties, the Group recommends that:

- (i) Forestry and its allied industries should be given appropriate priority within the over-all development process, so that the potential of forest industry can be realized;
- (ii) Forestry as a form of land management should be wholly integrated in national plans and programmes for land use;
- (iii) Forest authorities should give high priority to diversification and integration of forest industries so that the maximum output can be obtained by the elimination of waste and the introduction of modern manufacturing techniques;
- (iv) Governments should place high priority on training in order to increase the required technological skills;
- (v) Research and development leading to a wider use of lesser-known species are essential to the proper use of the resource; and
- (vi) Vigorous expansion of markets is essential to induce large capital investment projects.

### Small-scale and rural industries

15. JID has been engaged in studies aiming at the identification of industrial opportunities and assisting countries in the development of viable import-substituting and export-promoting projects to make use of resource endowments and innovative technologies, particularly in African least developed countries. In undertaking these recent activities JID has been guided by the Lima Declaration and Plan of Action and the "agreed conclusions" of the Third Conference of African Ministers of Industry. It should be added that in identifying and preparing projects in the field of small-scale and rural industries JID takes into account the following considerations: (i) the use of local raw materials; (ii) the choice of appropriate equipment with due regard to the availability of labour and managerial skills; (iii) a low investment/employment ratio; and (iv) the relationship of plant capacity to market size.

16. At the request of one African country, a survey was undertaken for the textile industry, where several opportunities were identified and some pre-investment studies carried out and submitted to the Government. The impact of this assistance has recently been reflected in the Government's willingness to implement several projects identified by JID, particularly those in rural areas. JID has also provided advice on the selection of machinery and equipment which are most suited to African countries facing certain constraints, especially the least developed countries. It is worthy of mention that a similar study has been undertaken recently at the request of another African Government. In addition, following the recent preparation and dissemination by JID of a technical information paper on the conversion of agricultural wastes into charcoal briquettes one Sahelian country requested assistance for the establishment of a project. Mention should also be made of the recent publication by JID of the first issue of its Bulletin of Small-scale Industry in Africa.

### Industrial manpower development

17. The Third Conference of African Ministers of Industry urged the mobilization of resources for the development of local manpower and technological capabilities, the creation of national and regional centres with training components, and so on. It should be emphasized that actions for the development of African industrial manpower capabilities are primarily the responsibility of individual States. However, ECA's task is to encourage, assist and advise member States on their manpower development effort. Mention is made below of actions already taken by ECA, programmes and projects envisaged for implementation, and proposals for the intensification of training actions.

18. ECA activities in the area of industrial manpower development are reflected in the following actions already taken:

- (i) A joint UNIDO/ECA project for the training of national personnel in the management of public enterprises and the provision of advisory services for the African least developed countries was prepared and submitted to UNIDO for consideration;
- (ii) A project was formulated for a survey of problems which impede the growth of indigenous consulting organizations in West African countries and to evaluate prospects for co-operation in developing strong national and subregional multidisciplinary consultancy organizations. Implementation of this project has been held up by delays in the release of funds;

- (iii) While the ECA co-ordinated fellowship programme has not been specifically oriented to industrial programmes, priority in the placement of African students and trainees is given to technical and engineering education and to short-term in-plant training in industrial enterprises and research laboratories. This priority for industrial manpower development will continue.

19. ECA's programmes and projects envisaged for implementation in the area of industrial manpower development during the course of the medium-term plan are briefly stated below:

- (i) Preparation of manpower profiles in respect of each of the basic industries to be promoted at the national or multinational level as outlined in the ECA work programme for industry;
- (ii) Preparation of a comprehensive training programme for industrial development in relation to the above-mentioned manpower profiles, and mobilization of resources for the implementation of these training programmes in collaboration with UNIDO and other international and regional institutions;
- (iii) Initiating action for the establishment, development and/or strengthening of national or multinational institutions to provide training programmes for industrial personnel;
- (iv) Preparation of studies to provide policy guidelines for formulating strategy for African self-reliance in industrial manpower resources.

20. For the intensification of training action in the area of industrial manpower development ECA urges each member State to give serious consideration to the setting up of a National Training Organization and a supporting Industrial Training Fund with obligatory contributions from employers. ECA has also tentatively proposed the establishment of an African Fellowship (Training) Fund to provide resources, largely subscribed by African Governments and organizations, for training Africans in critical areas and to strengthen and make maximum use of training facilities in Africa.

### III. PROGRESS IN THE IMPLEMENTATION OF RECOMMENDATIONS MADE BY THE THIRD CONFERENCE OF AFRICAN MINISTERS OF INDUSTRY

#### A. Industrial financing

21. In its "agreed conclusions" the Third Conference of African Ministers of Industry stressed the importance of: (i) defining areas, terms and conditions of foreign participation; (ii) harmonizing incentive policies and industrial legislation; and (iii) strengthening and developing institutional and manpower capabilities to deal with the complex problems of contractual laws concerning the transfer of technology and/or joint venture arrangements.

22. It should be noted that the basic issue of "industrial financing", including of course those derived issues indicated above, had previously been considered by the Second Conference. But because of the African need for considerable financial resources to achieve the 2 per cent share in world industrial output by the year 2000 within the framework of the sectoral target set for manufacturing in the developing countries under

the Lima Declaration; the Third Conference re-emphasized the importance of attracting foreign capital in particular. Some actions representing a follow-up to the definition of areas, terms and conditions of foreign participation in industrial investment opportunities in the African region may be singled out for special mention. First, recent advisory missions undertaken by JID regional advisers have always emphasized the need for reviewing investment codes with the aim of providing a clear-cut and precise indication of the role of private investment, both domestic and foreign, in industrial development. The specific areas of industry reserved, both at present and in the future to the private sector should be indicated explicitly in relevant policy statements and documents. It was noticed that in one African country the Investment Law states in general terms that "parts of the secondary sectors, especially manufacturing industries, will need the assistance of foreign capital both on a Government-to-Government basis and using direct private capital investment for maximum development". In reporting on that case, attention was drawn to the need for a precise indication of the industrial areas for foreign participation, industrial enterprises which are granted priority or approved status, future changes in the level of foreign participation over time, terms for such participation, and so on.

23. Second, UNIDO has recently been placing emphasis on the preparation and publication of manuals on guidelines for industrial policy, rather than on the compilation and dissemination of information in, for example, the form of directories on investment laws. This shift of emphasis in the field of industrial policies on foreign investment, technical collaboration, and so on, is basic not only to the unification and harmonization of UNIDO's views in the delivery of advisory services but also to the formulation of policy measures at the national level. Developing regions, including Africa, should derive the maximum benefit from these guidelines, which must be well documented, examined and utilized in matters relating to industrial policies. If proper use is not made of these UNIDO guidelines at the national level in Africa they will remain mere blueprints and paper documents. But while maximum use by African countries of these guidelines is emphasized, it needs to be stressed in the meantime that UNIDO should extend these guidelines to other areas of industrial policies (e.g. protection policies; planning control and operation of state enterprises; and so on). 8/

24. Third, at the country level, the new Investment Law of Egypt (Law No. 43) may be quoted as an example of a recent formulation of a code for the attraction of foreign capital to participate in industrial development. The basic elements of policy promotion and regulation are incorporated in that Law. These include the role of private investment in industry; industries in which foreign investment is welcome; maximum proportion of foreign ownership permitted; repatriation of profits; protection of property of foreign investors; investment incentives, some of which are not usually found in African investment codes; and institutional machinery and procedures. In order to familiarize African countries with this Law, which provides an example of attraction to foreign investors, particularly in industry, JID recently published its basic elements and characteristics in its newsletter Investment Africa. 9/

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8/ For further suggestions in this respect see "Report of the Advisory Panel of Consultants on Industrial Policies" (UNIDO/IPPD.32).

9/ Investment Africa, vol. IV, No. 1 (March 1976), "Egypt's open door policy for investors", pp. 7-9.



25. As regards the harmonization of incentive policies and industrial legislation it is worthy of mention that the collective efforts which have already been devoted to the co-ordination and harmonization of investment codes at the multinational, subregional and regional levels have not yielded very encouraging results. The only known cases of co-ordinated policies in Africa are the UDEAC Common Investment Code and the EAC's attempt at harmonization. It is well understood that there are serious difficulties facing such endeavours, but this should not prevent the follow-up of this issue and the proposal of action-oriented measures. Intergovernmental co-operation organizations in Africa may be approached and requested to give serious consideration to the harmonization of investment codes. It should also be mentioned that in its Revised Medium-term Plan for 1976-1981 ECA emphasized the need to harmonize African industrial policies and programmes with the aim of facilitating the establishment of multinational industries and promotion of the collective interests of African countries. The harmonization of incentive policies and related legislation is among the technical assistance to be rendered to African countries and territories. 10/

26. Concerning the strengthening and developing of institutional and manpower capabilities to deal with the complex problems of contractual laws relating to technology transfer and joint venture arrangements, it should be mentioned again that relevant manuals and guidelines prepared and published by UNIDO, if properly examined and utilized by African countries, can serve as effective training instruments. In this connexion, special reference should be made to UNIDO's guidelines for the acquisition of foreign technology in developing countries, manual on investment promotion centres, and guidelines for contracting for industrial projects in developing countries. It should also be added that the ECA Revised Medium-term Plan for 1976-1981 in the field of industry includes a programme for "institution building". 11/ Projects under this programme, including the establishment of several inter-country projects, have training components. However, it should be emphasized that the training facilities offered in one form or another by international and regional institutions are not substitutes for intensive national efforts by African countries themselves to provide effective training for their indigenous manpower.

#### B. Expansion of intra-African trade in manufactures

27. With regard to intra-African trade in manufactures the Third Conference of African Ministers of Industry recommended (i) the provision of technical and financial assistance to existing industries, especially in the areas of industrial research, standardization and quality control to permit the effective exploitation of export opportunities and the full utilization of installed capacity; (ii) the creation of joint venture industries with joint financing; and (iii) the taking of measures aiming at progressively lowering tariff and non-tariff barriers between neighbouring countries to achieve expanded production and exchange through specialization and complementarity. 12/

28. In the area of industrial institutions, UNIDO has continued to concentrate its activities on assisting African countries to build up and strengthen their institutional infrastructures in industrial research, standardization, quality control and metrology, industrial fairs and exhibitions. With this assistance some new institutions have been established, while some existing ones have been strengthened by improving their management capabilities and by linking their activities with industry.

10/ See E/CN.14/TECC/31/Rev. 1, p. 39.

11/ *Ibid.*, p. 41.

12/ E/CN.14/649, pp. 21-22.

29. Recognizing the importance of regional projects ECA, in close co-operation with UNIDO, initiated action to create the African Regional Standardization Organization as a regional set up for standardization, quality control and metrology. Plans are under way for establishing a similar project for the countries of the Mano River Union (Liberia and Sierra Leone). 13/

30. Another instrument for the expansion of intra-African trade in manufactures and semi-manufactures is the promotion of international fairs, which is receiving technical and financial assistance from UNIDO. The Casablanca Fair is an outstanding example at the African level.

31. Another form of assistance extended to African countries is market studies. At the request of some African countries ECA has recently undertaken market research to explore the possibilities of promoting intra-regional trade in canned pineapple, fish and textiles. Technical assistance has been provided by ECA to the UDEAC countries in the form of an identification of chemical, petrochemical and pharmaceutical products of potential demand in their integrated domestic markets as well as those of their neighbouring countries. Assistance is also rendered by ECA to some African manufacturers by establishing direct contacts between them and importing agencies in neighbouring countries. Furthermore, ECA has been requested to assist some African countries in obtaining information on improved technological processes from other countries in the region.

32. In order to make full use of installed capacity in existing industries subcontracting is recommended as an effective instrument. But unfortunately developing African countries, unlike developing countries of Asia and Latin America, have not made much use of it, and subcontracting in Africa is of an irregular and unsteady nature. 14/ However, UNIDO has recently undertaken studies to assess the possibility of industrial subcontracting and of producing special steels and alloys in the Maghreb countries. 15/ African developing countries are urged to follow this example and to avail themselves of UNIDO technical assistance in the area of industrial subcontracting.

33. In the area of setting up joint venture industries with joint financing as an instrument for expanding intra-regional trade in manufactures, the initiative should emerge from African countries themselves. In this connexion, emphasis should be placed on industries which are capable of promoting specialization and complementarity. Special mention should be made here of the possibility of drawing on the project proposals already identified by ECA, particularly in its "industrial harmonization studies", as a basis for intra-African co-operation. Reference should also be made to the UNIDO technical assistance to African countries in the form of identifying export-oriented industries, product adaptation and development for export industries, promotion of subcontracting arrangements, development of export-processing free zones, and so on. Although such forms of technical assistance are conducive to the expansion of intra-African trade in manufactures and semi-manufactures, nevertheless the major contribution to the promotion of that trade, as mentioned above, should emerge from action to be taken by the African countries themselves.

13/ See Annual Report of the Executive Director 1975 (ID/B/160), p. 184.

14/ Subcontracting for Modernizing Economies (United Nations publication, Sales No. E.4.II.B.12), p.7.

15/ ID/B/160, p. 184.

34. In the area of regulatory and promotional policies which are geared to the expansion of industrial production and interchange among African countries through specialization and complementarity, reference should be made to the recommendations of the African Trade Ministers as reflected in their "Declaration and Program of Action on the Promotion of Intra-African Trade and Development of Co-operation among African Countries." <sup>16/</sup> On the basis of identified problems and impediments to the promotion of intra-African trade, the programme of action recommended measures for improving transport and communications, reorienting the vertical pattern of trade inherited from the colonial past, alleviating the inadequacy of information and the difficulties involved in its flow and exchange, and progressively lowering and/or eliminating tariff and non-tariff barriers. The Ministers also recommended the creation of an African Organization for Trade and Development (AOTD) and the establishment of permanent machinery for consultations. It is envisaged that such measures and arrangements will lead, in the long run, to the realization of an African Common Market.

35. Mention should also be made of the ECA regional project (financed by UNDP) on the development of intra-African trade. The project is designed to assist in the rapid expansion of intra-regional trade and to recommend trading policies and practices which would meet the aspirations of African Governments and traders. Moreover, reference should be made to the recent publication by ECA of the quarterly newsletter African Trader, <sup>17/</sup> which is geared to the provision of relevant information on intra-African trade opportunities in manufactured and non-manufactured products.

C. Special measures to promote industrialization in the least developed countries in Africa

36. To assist the least developed countries the Third Conference of African Ministers of Industry urged (i) the establishment of pilot plants to utilize research and development results; (ii) the establishment of free zones and development of integrated productive units, particularly in specific industries; and (iii) the need for the special institutional machinery within UNIDO to stress technical assistance in various forms to such countries. Mention is made below of action recently taken and in the pipeline.

37. Concerning the establishment of pilot plants, reference should be made here to the assistance provided by UNIDO to Mali and the Upper Volta in the form of a mobile demonstration unit for the processing and use of plastics in agriculture. <sup>18/</sup> UNIDO also completed in early 1976 a survey of the need for and feasibility of pilot demonstration plants for local manufacture and development of agricultural tools, implements and animal-driven equipment. Another example is the assistance rendered to the Centre for the Development and Production of Equipment using Solar Energy and Other Sources of Energy, which is located in Senegal and covers the neighbouring countries of Mali, the Niger and the Upper Volta. <sup>19/</sup> Intensification of efforts in this direction will help the least developed countries utilize research and development results.

38. As to the establishment of free zones recommended by the Conference, emphasis should be placed in setting up, wherever possible, export-processing free zones. As is generally recognized, one type of zone provides facilities which are essentially concerned with commercial operations combined, in certain cases, with simple manufacturing processes,

<sup>16/</sup> OAU document CMC/2(IV).

<sup>17/</sup> From the second issue renamed African Trade.

<sup>18/</sup> ID/B/160, p. 27.

<sup>19/</sup> Ibid., p. 29.

while the processing type is connected with facilities where full-scale industries are operated with a possible favourable impact on incomes, employment levels and skills. <sup>20/</sup> The Conference agreed that UNIDO should stress the promotion of technical assistance for the identification and development of such projects, but since the establishment of export-processing free zones has to be viewed in the context of industrial and trade policies the required technical assistance must be extended jointly by UNIDO and UNCTAD.

39. The development of integrated productive units is reflected in the work programme of JID as included in the ECA Medium-term Plan for 1976-1981. Assistance under the institution building programme includes the design and establishment of complete industrial estates, industrial extension services, and the establishment of centres and mobile units for the repair and maintenance of machinery and equipment. Assistance to the least developed countries under the programme for the development of small-scale and rural industries will be concerned, among other things, with the development of central policies and machinery for dealing with small-scale and rural industries in the context of integrated rural development. Hence the integrated approach to the development of industries and productive units in such countries will be maintained.

40. In this connexion, mention should be made of recent JID activities directed to the least developed countries, individually and collectively, in the form of advisory missions and co-operation with the United Nations Sahelian Office, collection and dissemination of information, and participation in meetings. Recently, advisory assistance was extended to this group of countries in the areas of industrial surveys, plans, policies and programmes; industrial project development; technological information and development centres; small-scale industries; pulp and paper industries, mechanical forest industries, charcoal and forest products marketing; training in mechanical industries and so on. The Division collected and disseminated information on small-scale industries technology and published country fact sheets and summaries of industrial development plans and the Bulletin of Small-scale Industry in Africa. JID participated in the Joint Consultations on the Promotion of Industrial Management Clinics for the Least Developed Countries of Africa sponsored by UNIDO in co-operation with the Government of Uganda, as well as a Seminar on Small-scale, Cottage and Handicraft Industries organized by the Ethiopian Government.

41. It is worthy of mention that UNIDO has recently set up a "Least Developed Countries Section" (i) to supplement the industrialization endeavours of this group of countries by monitoring and co-ordinating the related work performed by other sections; and (ii) to maintain close liaison with these sections and propose appropriate measures which ensure effective implementation of programmes, projects and schemes in conformity with the Lima Declaration and Plan of Action. UNIDO has also maintained its special action programme including special measures in favour of the least developed countries. According to available information the share of the least developed countries of Africa in total UNIDO technical assistance delivery to such countries, excluding regional and interregional projects, amounted to about 78 per cent (\$US 3.7 million) in 1975. UNIDO's special measures in favour of the African least developed countries have taken the forms of programming missions, activities under special allocations and regional and interregional projects, including assistance to the drought-stricken countries of the Sudano-Sahelian zone.

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<sup>20/</sup> See "Export policies in developing countries: other export policies: the use of free zones as a means of expanding and diversifying exports of manufactures from the developing countries" (TD/B/C.2/125).

42. With the assistance of the UNIDO Task Force on Special Measures and Policies in Favour of the Least Developed Countries, the Least Developed Countries Section was able to initiate and prepare a working paper containing guidelines for UNIDO's future activities in favour of the least developed, land-locked and island developing countries. The working paper (UNIDO/OED/17/Rev.1) has been distributed to the Governments of all the least developed countries with a view to obtaining their reactions and establishing a permanent dialogue and consultation with them, so as to ascertain needs and priorities in accordance with the development plans and policies of the countries concerned. Moreover, through the joint efforts of the Least Developed Countries Section and various other sections in UNIDO, it was possible to prepare a portfolio of tentative project proposals and concepts, covering a number of industrial sectors, which are currently under review by the authorities concerned in the least developed countries. These proposals, as endorsed by the Governments, will be considered later on for financing under the country IPF, SIS and other funds available to UNIDO as well as from other sources of finance which will be explored through contacts with potential donors outside the United Nations system.

43. An important step in UNIDO's present attempts to define further action and specific programmes aimed at speeding up the process of industrialization in the least developed countries will be the forthcoming Intergovernmental Expert Group Meeting on Industrialization in the Least Developed Countries. This meeting, which will take place in Vienna between 15 and 24 November 1976, is being organized by the Least Developed Countries Section in co-operation with the Investment Co-operative Programme Office and the Industrial Planning Section. The meeting will provide a forum where top-level experts from the least developed countries and representatives from various United Nations agencies and certain finance institutions can have useful discussions and exchange views on issues of mutual interest regarding industrialization in the least developed countries. Through such discussions and exchange of views, it should be possible to prescribe the basic elements of action-oriented programmes of assistance in promoting industrial development in the least developed countries, programmes which will be implemented during the next few years by UNIDO in co-operation with ECA as well as other multilateral and bilateral institutions.

44. Under the supervision of the Least Developed Countries Section, a special programme in favour of land-locked and island developing countries is being initiated with the aim of identifying specific needs for technical assistance and proposing a strategy for such assistance together with appropriate action programmes, with full consideration of the requirements to help offset the disadvantages of their geographical situation.

45. Two other special programmes - one covering the rehabilitation and full utilization of existing manufacturing facilities, and the other involving a review of completed feasibility studies for possible further action - are being developed by the Least Developed Countries Section. Several of the least developed countries have been contacted in this respect, and reactions have been received from some of them. Reaction from other countries is expected soon.

46. As far as the Sudano-Sahelian zone is concerned, the Least Developed Countries Section of UNIDO is actively involved in the follow-up action undertaken by the Engineering and Chemical Industries Section with regard to two major projects, namely a survey of the need for and feasibility of pilot demonstration plants, and a mobile demonstration unit for processing and utilization of plastics in agriculture. The Section is also currently involved in launching two new projects which were approved for financing under the 1976 Regular Programme - consisting of feasibility studies for the establishment of fertilizer bulk blending and bagging plants and the establishment of pesticide formulation

plants. Moreover, two countries from the Sudano-Sahelian zone (the Niger and Senegal) were covered by a joint UNIDO/OCAM/ECA mission to select countries in Africa to initiate pilot projects in agricultural machinery and implements.

47. In implementing the activities related to the African least developed countries still closer contacts will be maintained between ECA and UNIDO, as well as among UNIDO's advisers and experts working in the field, including the Regional Advisers attached to ECA.

#### IV. SUMMARY AND CONCLUSIONS

48. In presenting ECA's activities in some priority areas this report singles out the following points:

- (i) Some groundwork and background material for pre-feasibility studies of African multinational basic industries is available. However, funds are needed for follow-up action.
- (ii) The proposed inter-country projects on fertilizers and pharmaceuticals need to be given sufficient push.
- (iii) The continuation of the UNDP-financed ECA/FAO Advisory Group on Food and Agriculture Industries Development is indispensable to the effective implementation of the Lima Declaration at the African level.
- (iv) Problems identified and proposals made by the two Advisory Groups attached to JID on food and agricultural products industries and forest-based industries require urgent consideration and action by the Follow-up Committee.
- (v) JID's activities in the area of small-scale and rural industries have been mainly directed to the least developed countries. Expansion and intensification of these activities will depend on the strengthening of resources available to JID.
- (vi) ECA has placed special emphasis on industrial manpower development, since the lack of technical and managerial skills at all levels represents an obstacle to accelerated industrial growth. Actions already taken or envisaged by ECA and proposals for the intensification of industrial training are worth examining.

49. In reporting on progress in the implementation of recommendations made by the Third Conference of African Ministers of Industry, several points are singled out for special mention. In the area of industrial financing the report draws attention to the points below.

- (i) JID's regional advisers have contributed to the advisory services aiming at the precise definition of areas, terms and conditions of foreign participation in African industrial investment.
- (ii) UNIDO's manuals on guidelines for industrial policy in areas related to industrial financing are worth examining by African countries, since they provide guiding principles for reviewing their investment codes.

- (iii) The ECA newsletter Investment Africa has been effectively used as an instrument for the dissemination of relevant information among African countries, including an example of an investment code for the attraction of foreign capital to participate in African industrial development.
- (iv) Although there are serious difficulties which face the co-ordination and harmonization of incentive policies and industrial legislation, inter-governmental co-operation organizations in Africa should be approached to give serious consideration to the harmonization of investment codes. The harmonization of incentive policies and related legislation is among the technical assistance to be rendered by ECA to African countries.

50. With regard to the expansion of intra-African trade in manufactures the following points are emphasized in the report.

- (i) Both ECA and UNIDO have extended technical and financial assistance to African countries to establish and strengthen their institutional infrastructure (i.e. industrial research, standardization, quality control, industrial fairs, and so on). Examples given of recent assistance point to the participation of both organizations in efforts aiming at the expansion of intra-African trade in manufactures.
- (ii) Joint venture industries with joint financing as an instrument for the expansion of intra-African trade in manufactures should emerge from action to be taken by the African countries themselves. However, countries are invited to draw on the project proposals already identified by ECA, particularly in its industrial harmonization studies, as a basis for intra-African co-operation.
- (iii) Mention is made of the Declaration and Programme of Action on the Promotion of Intra-African Trade and Development of Co-operation among African Countries adopted by the African Trade Ministers. The measures and arrangements included in that Declaration, if effectively implemented, would lead in the long run to the realization of an African common market.
- (iv) Mention is also made of the role of the ECA regional project on the development of intra-African trade and of the ECA newsletter African Trader.

51. As to the special measures to promote industrialization in the African least developed countries, the salient points made in the report are briefly summarized below:

- (i) Examples are given of UNIDO's assistance to African least developed countries in establishing pilot plants to utilize research and development results.
- (ii) Technical assistance is required from both UNIDO and UNCTAD on a joint basis to identify and develop projects for the establishment of export-processing free zones in African least developed countries.
- (iii) Technical assistance has been extended to the African least developed countries in the context of the integrated approach to the development of industries and productive units. This approach will be maintained.
- (iv) Mention is made of JID's recent activities directed to African least developed countries, individually and collectively, in the form of advisory missions,

co-operation with the United Nations Sahelian Office, collection and dissemination of information and participation in relevant meetings.

- (v) Mention is also made of the activities of the Least Developed Countries Section of UNIDO, particularly with regard to the forthcoming "Inter-governmental Expert Group Meeting on Industrialization in the Least Developed Countries", the special programmes which are being developed by the Section and the Section's involvement in the Sudano-Sahelian zone.