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ECONOMIC COMMISSION FOR AFRICA

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

(Addis Ababa, 4 and 5 November 1976)

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PART ONE
ACCOUNT OF PROCEEDINGS

A. INTRODUCTION

1. The third meeting of the Follow-up Committee on Industrialization in Africa was held in Addis Ababa on 4 and 5 November 1976 to draw up a concrete programme of action for speeding up the implementation of the Lima Declaration and Plan of Action on Industrial Development and Co-operation at the African regional level.
2. The meeting was attended by representatives of the member countries (Central African Republic, Ghana, Kenya, Lesotho, Nigeria, Sudan, Zaire and Zambia) ^{1/}, the sponsoring organizations (ECA, OAU and UNIDO) and observers from UNCTAD, UNDP, WIPO and the East African Development Bank.
3. At its meeting on 4 November 1976, the Committee adopted the following agenda:
 1. Opening statement by the Chairman of the Committee
 2. Statements by: (a) Heads of sponsoring organizations: ECA, OAU and UNIDO
(b) Representatives of WIPO and UNCTAD
 3. Adoption of the agenda and organization of work
 4. Implementation of the Lima Declaration and Plan of Action at the African regional level
 - (a) Monitoring Africa's progress towards the achievement of the target share within the framework of the Lima Declaration and Plan of action
 - (b) System of industrial consultations at the regional, interregional and global levels
 5. Implementation of inter-country projects approved by the third Conference of Ministers of Industry in Nairobi
 - (a) African Centre for Industrial Consulting Engineering and Management
 - (b) Regional Centre for the Transfer, Adaptation and Development of Technology
 - (c) African Regional Centre for Industrial Design and Manufacturing
 - (d) Discussion of the opening statements
 6. Establishment of an African Industrial Development Fund (AIDF)
 7. Progress on continuing regional projects and action taken by ECA and UNIDO
 - (a) Progress report in some priority areas
 - (b) The development of basic industries in the African region
 8. Other matters
 9. Adoption of the conclusions of the Committee and closure of the meeting

^{1/} Absent members included Algeria, Benin, Rwanda and Tunisia.

B. DISCUSSION OF THE AGENDA ITEMS.

4. Mr. R.A. Adeleye, Nigerian Federal Commissioner for Industry, presided over the meeting in the absence of the Chairman, the Kenyan Minister of Industry and Commerce. In his opening address, he underlined the importance of collective action in the African region and urged the Committee to devote keen attention to concrete programmes submitted for consideration by the ECA secretariat.

5. Further opening statements were made by the Executive Secretary of ECA, the Executive Director of UNIDO, the OAU Assistant Secretary-General for Economic and Social Affairs and the representative of WIPO. The ECA Executive Secretary reviewed past industrialization strategies in the African region, indicated their fundamental deficiencies as far as the implementation of internally self-sustaining industrial development was concerned and proposed the adoption of an integrated and comprehensive industrialization policy accompanied by programmes in the metals, chemical, engineering and building materials industries in addition to the continuing programmes in agro-industries.

6. The Executive Director of UNIDO emphasized the importance for the African region of the consultations to be organized by UNIDO in pursuance of a decision taken at Lima and endorsed by the General Assembly at its seventh special session. He also stressed that any effective industrialization strategy should be integrated to the greatest possible degree with agricultural development.

7. The OAU Assistant Secretary-General stressed the paramount importance of self-reliance and the need to restructure the industrial policies of African countries with particular emphasis on those industries in which the African region had resources and capabilities. He stressed that the development of such industries must primarily be based on domestic and regional markets, and that every possible action should be undertaken to stimulate domestic demand through material incentives and advertising to introduce new basic products and expand production of them.

8. The WIPO representative informed the Committee that his organization published literature on patents which could be obtained free of charge. Imported technology entailed the use of patents, which were protected by the Paris Convention on Intellectual Property, an intergovernmental treaty. However, the developing countries had called for the revision of the Paris Convention so that it could become a satisfactory instrument for promoting the transfer of technology.

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

Monitoring Africa's progress towards the achievement of the target share within the framework of the Lima Declaration and Plan of Action (Item 4(a))

9. A representative of the ECA secretariat introduced an "Examination and analysis of progress to be made by Africa so that its share in world industrial production represents at least 2 per cent in the year 2000" (CAI/ECIA.3/MP/1). He pointed out the main guidelines implied by the Lima Plan of Action, which aimed at ensuring integrated development. The Plan laid down that Africa's share in world industrial output should rise from 0.6 to 2 per cent by the year 2000, but it did not set a fixed annual growth rate.

10. The discussion that followed underlined the urgency of considering not merely the reorientation of policy but also the restructuring of instruments for achieving the Lima target. Africa had to reconsider its economic policy and instruments, both at the regional

and national levels, because the growth of African economies was largely thwarted by the faulty, if not false, foundations upon which they were built. Various participants stressed the need for harmonization between agricultural and industrial development. Without surplus agricultural supplies, no significant progress towards industrialization could be made. Africa needed austerity to save resources, and should reconsider its way of life and eliminate luxury projects.

11. The participants emphasized that progress towards the achievement of the 2 per cent target involved a gigantic task which would require collective effort in mobilization of financial resources, technology and skilled manpower within the African region.

System of industrial consultations at the regional, interregional and global levels (item 4(b))

12. A representative of ECA introduced a report on "Basic elements of the African system for industrial consultations" (ECA CMI/FCIA.3/WP/2). The document indicated the need to pursue a co-ordinated approach with regard to issues of a regional nature such as matters of policy harmonization, treatment of the activities of transnational corporations, the transfer of technology and so forth. In that connexion, the representative of UNIDO outlined UNIDO activities relating to the planned sectoral consultations on the re-deployment of industrial production in the coming three years, including the planned consultations on fertilizers and iron and steel early in 1977, with other sectoral consultations to follow, mainly in the field of agro-based industries, pharmaceuticals, capital goods and so on. He re-emphasized the importance of African participation in the consultations, and noted that a number of African countries would participate in the meetings planned to prepare for the consultations on iron and steel and fertilizers.

13. While taking note of what UNIDO was doing and what was happening in other regions, several participants felt that Africa must also prepare and co-ordinate its own consultation issues and programmes. In the redeployment of world industrial capacity, national and regional strategies and programmes should set out the framework within which African priorities were laid down. The programme on African industrialization strategies and policies, as outlined by the Executive Secretary of ECA, would enable African countries to develop a common framework and determine objectives for consultation and negotiation with other developing countries in regard to industrial co-operation, as well as in negotiation and consultation with industrialized countries. There was need for industrial rationalization in the African region. The majority of the participants were of the opinion that African States needed political will to implement any collective ventures, and stressed that ideologies should not be allowed to divide Africa. Institutional machinery to lay down a framework for what could be done in concrete terms must be created and supported collectively by all African Governments.

Implementation of inter-country projects approved by the third Conference of African ministers of Industry in Nairobi (item 5)

14. ECA submitted two project documents prepared by the Joint ECA/UNIDO Industry Division in connexion with the regional instruments of action for intensifying efforts in the African region aimed at creating national, subregional and regional centres to provide assistance in industrial design, engineering and management consultancy. The two project documents described in some detail the modalities concerning establishment of an African Centre for Industrial Consulting Engineering and management (ECA CMI/FCIA.3/WP/3 and Add.1) and an African Regional Centre for Industrial Design and manufacturing (ECA CMI/FCIA.3/WP/5 and Add.1). The titles of the Centres had been slightly modified from the original proposal. However, the final arrangements for the Centres would depend

on the outcome of exploratory missions which were being planned for the purpose of visiting selected African Governments and consulting them on their views, suggestions, recommendations and support for the establishment, priorities, operation and financing of the Centres.

15. Several participants emphasized that the missions be organized immediately so that the Centres could be established not later than the end of 1977. One participant wished to know what criteria would be used for selecting the countries to be visited. A number of participants were anxious to have an indication as to the prospective locations of the Centres. The secretariat informed the Committee that such considerations were premature; locations would be decided upon only after the exploratory missions had submitted their final reports and on the basis of available financing. Moreover, if the Centres had to be developed soon, they would have to depend on Africa's own spirit of collective self-reliance rather than entirely on foreign resources.

16. Concerning the Regional Centre for the Transfer, Adaptation and Development of Technology, no specific project document was submitted. The ECA Executive Secretary explained that that omission was related to the demands on the secretariat produced by a resolution adopted at the fourth session of UNCTAD requesting UNCTAD, UNIDO, ECA, WIPO and UNESCO to collaborate in convening a meeting of plenipotentiaries on the establishment of such an institution. The resolution had subsequently been endorsed by the OAU summit in Mauritius. In that regard, ECA had set up a task force which would conduct a study mission and prepare a report. The report would then be examined by another interagency meeting before it was submitted to a meeting of plenipotentiaries for final decision.

17. The WIPO representative informed the Committee of WIPO's activities, especially in documentation relating to various types of invention and the related patents. Although WIPO was not involved in the transfer of technology as such, the mere fact that it controlled the commercial aspects of inventions and intellectual property at the international level was enough to make it an important factor to be reckoned with. There was a link between the commercial aspects of patents and the transfer of industrial technology. The revision of the Paris Convention on Inventions was related to the formulation of a new code of conduct on the transfer of technology. The WIPO representative urged African Governments to take a keen and active interest in the meetings called by WIPO for the revision of the Paris Convention.

18. The Committee had now been specifically called on to act on the OAU summit technology resolution and one participant urged on the Committee the importance of co-ordinating the work of the various agencies involved in order to avoid confusion and delay. The ECA Executive Secretary urged Governments to assist the Commission by participating in every step towards the establishment of the Centres and suggested short-term secondment of government experts to ECA to assist in the task.

Establishment of an African Industrial Development Fund (AIDF) (item 6)

19. The project document submitted by the secretariat on the establishment of an African Industrial Development Fund (ECA/CI/PCIA.3/WP/6 and Add. 1), described the details of that important regional instrument of action, previously endorsed by the third Conference of African Ministers of Industry in Nairobi. Introducing the document, a representative of the secretariat explained that the project as originally proposed at Nairobi had been too general, so ECA had tried to give it substance by indicating how it could be implemented. Views had been solicited from the East African Development Bank, ADB and the Arab Bank which had looked at the document and found it useful.

20. Several participants expressed doubt as to the practicability of having a separate secretariat for the Fund, in view of the recommendation at Nairobi that the Fund should be associated with ADB as the managing agency. The ECA Executive Secretary pointed out that, though ADB had been consulted on the matter, it had made no firm commitment as yet. At all events ECA was planning to study the proposal further through field missions, taking into account also the decisions of the Ministers of Industry. If the study revealed that ADB was not prepared or not able to manage the Fund, then the possibility of making the Fund autonomous or managed otherwise should be explored. Flexibility was required.

21. One participant warned that the Fund should not be expected to be administered on the basis of ordinary banking criteria. The Fund had a definite framework of objectives related to the implementation of the Lima Plan of Action in the African region. In its actual operations, UNIDO, ECA and OAU would be responsible for controlling the policy of the Fund in the carrying out of pre-investment activities for national and multinational industrial projects. Another participant pointed out that the use of the Fund for pre-investment activities only would probably be inadequate. Since some African Governments would not be able to proceed beyond feasibility study reports, it might be useful if the Fund could cover the provision of investment capital as well.

22. The Executive Director of UNIDO raised the question of defining the links between the African Industrial Development Fund and the proposed International Industrial Development Fund under the auspices of UNIDO, as recommended at the Nairobi Conference. He therefore suggested a more in-depth study before establishing AIDF.

23. Summing up the discussion, the Chairman stated that all the issues raised were subject to study and they should not be allowed to prejudice the outcome of the mission's investigations.

24.
Progress on continuing regional projects and action taken by ECA and UNIDO (item 7)

24. The meeting had before it a "Progress report on activities in some priority areas and implementation of recommendations made by the third Conference of African Ministers of Industry" (ECA//C.I/FCIA.3/WP/7). The document covered industrial financing, expansion of intra-African trade in manufactures and special measures to promote industrialization in the African least developed countries. Included also were continuing projects in forest, food, agricultural and small-scale industries.

25. Another document on a related subject introduced by the secretariat was a "Project document for the development of basic industries in the African region" (ECA//C.I/FCIA.3/WP/8). The Committee examined the programmes for the development of basic industries in Africa, whose importance had been underlined in the resolutions of the Conferences of African Ministers of Industry both in Cairo and in Nairobi. The document contained some information on the development of the metals, engineering, chemicals and building materials industries, which formed part of ECA's work programme for 1976-1981.

26. A representative of the secretariat pointed out that the project document was related to certain projects which had been approved in principle by the Nairobi Conference. Although they were indeed elements of basic industries such as chemicals, metals and engineering industries, those projects were, however, aimed at providing essential services rather than concrete industrial projects. The Commission had now formulated the basic industries programmes in order to bring out the sectoral priorities more distinctly for action.

Other matters (item 8)

27. The Committee heard a statement from a representative of UNCTAD, whose arrival had been delayed. He related the planned ECA projects to the contribution of UNCTAD in the field of manufactures and transfer of technology.

Adoption of the conclusions of the Committee and closure of the meeting (item 9)

28. The Committee then examined a set of agreed conclusions, which it adopted (see Part Two of the report).

29. The Chairman directed the secretariat of ECA to prepare a preliminary report of the third meeting of the Follow-up Committee, including the agreed conclusions adopted, and distribute copies to the 12 member countries before drafting the final report.

30. After expressing thanks to the organizers of the meeting, the Chairman declared the meeting closed.

PART TWO

AGREED CONCLUSIONS

A. Monitoring Africa's progress towards the achievement of the target share within the framework of Lima Declaration

1. The Lima Declaration and Plan of Action laid down that Africa's share in world manufacturing output should rise from 0.6 to at least 2 per cent by the year 2000. Deliberating on ways and means of achieving this, the Committee stressed that efforts must be based primarily on the principle and practice of self-reliance. That involved not merely the reorientation of development policy, but also the restructuring of instruments in that direction, both at regional and national levels. Special emphasis must be placed on those industries for which the African region had the necessary resources. In order to achieve a solid industrial capability, African countries were urged to give priority to the training of industrial manpower, infrastructural investment and the adoption of policies and programmes to ensure harmony and proper balance between agricultural and industrial development. Adequate attention must be given to production and conservation of food and promotion of agro-based industries. The Committee urged African countries to stimulate and expand local demand to support local production of basic goods.

2. Stress was placed on the need to inculcate discipline and austerity and to avoid a waste of resources, so that surplus savings could be used to help achieve self-reliance in industrialization. In the new policies and strategies, particular emphasis should be given to regional industrial co-operation, especially through the establishment of multi-national industrial projects to ensure adequate complementarity and avoid excess capacity in industrial installations. The Committee agreed that regional co-operation should be regarded as an integral part of national development. The Committee further recommended that it was for each country to reorient its development policies on the basis of the Lima target and to reflect in its own plan the conclusions of the Committee.

B. Basic elements of the African system for industrial consultations

3. The Committee agreed that African countries should participate fully in the sectoral consultations planned by UNIDO within the context of a multiple strategy for industrialization in the African region. It was within the context of national, subregional and regional priorities, as determined from the planned programmes on industrialization strategy, that the African region would be able to participate in the planned inter-regional and global negotiations. There was a general consensus on the urgent need to pursue a co-ordinated approach with regard to issues of a regional nature, as already agreed at the third Conference of African Ministers of Industry.

4. The Committee endorsed a call that the Industrial Development Board should, at its forthcoming session, authorize UNIDO to proceed in undertaking consultations at the regional level in conformity with the conclusions reached at the third Conference of African Ministers of Industry. It further stressed that both for the regional and for the sectoral consultations, adequate national, subregional and regional machinery should be established. The Committee recommended that machinery should be set up at the national level to articulate issues for consultations at the regional level; and intraregional consultations for the rationalization of industry must enjoy strong support at the national level. Attention was drawn to the paramount importance of collective effort, regardless of ideologies, and in that connexion the Committee recognized the role of OAU in mobilizing the political will necessary for the achievement of effective co-ordination of action in the African region.

C. Implementation of inter-country projects approved by the third Conference of African Ministers of Industry

5. The Committee considered two draft project documents giving an outline of the structure and modalities of the regional centres endorsed at Nairobi as part of the set of regional instruments for facilitating industrial project implementation and industrial technology transfer in the African region.

6. A general consensus was reached that resources for the financing of the centres should, as much as possible, come from within the region as a practical sign of collective self-reliance. The Committee endorsed the draft documents on the African Centre for Industrial Consulting Engineering and Management and the African Centre for Industrial Design and Manufacturing with minor changes. It urged ECA, UNIDO and OAU to organize the planned field missions as soon as financial support from UNDP is available, and to ensure that all countries were made aware of the mission in advance to make it possible to identify countries which wished to receive the mission. The mission report would form the basis for finalizing arrangements for the establishment of the centres.

7. On the subject of the transfer and development of industrial technology, no specific document was submitted. Reference was made to the resolution adopted at the fourth session of UNCTAD on the establishment of a centre for the transfer and development of technology. The resolution had subsequently been endorsed by the OAU Assembly of Heads of State and Government, meeting in Mauritius. ECA had organized an interagency working group including representatives of UNIDO, UNCTAD and UNESCO to make adequate preparations for the establishment of the Centre. The working group was to arrange a field mission to hold consultations with Governments and then submit a report which would be the basis for determining the structure and modalities of the Centre.

8. The WIPO representative made a statement on available information on patents, referring to WIPO's responsibility in documentation and the protection of inventions and industrial property at the international level. Patents played an important role in the transfer of technology, a matter which was also covered by WIPO's programmes and activities. The attention of the Committee was drawn to the forthcoming preparatory meeting for the revision of the Paris Convention on Inventions, which was to be held in Geneva from 19 to 30 November 1976. The Committee recommended that African Governments should take a keen and active interest in that meeting, and those invited by WIPO should send representatives to attend.

D. The development of basic industries in the African region

9. For concrete industrial project development, the Committee endorsed the following four programmes formulated by ECA as a basis for achieving integrated industrialization:

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

10. It approved the following action programmes:

- (a) Comprehensive studies in each of the above areas to establish the stage of development so far reached in Africa and to determine the linkages among these branches and with the rest of the economy, training needs and steps to be taken to meet these needs;
- (b) On the basis of the studies, preparation of an integrated comprehensive industrialization policy and a programme of action for implementation;
- (c) Organization of an intergovernmental meeting of experts from ministries of Industry and Planning to consider the industrialization policy and the programme of action;
- (d) An invitation to experts from ECA member States and other developing regions to prepare projects, programmes and policy papers for national and multi-national implementation within the framework of the agreed strategy, and to provide advice on the rationalization of industrial development, for submission to the fourth Conference of African ministers of Industry and later to the OAU Summit; and
- (e) An invitation to African Governments to release national experts from time to time for secondment to ECA and OAU on request for the implementation of the above decisions, the terms and conditions and contributions of the Governments to be worked out in each case.

E. Establishment of an African Industrial Development Fund (AIDF)

11. The Committee considered and adopted with minor changes the project document on the establishment of an African Industrial Development Fund, whose main function would be the financing of pre-investment studies, as part of the group of projects approved by the third Conference of African Ministers of Industry. Suggestions were made to the effect that the sources of finance for the Fund should include a provision for charging fees. The points examined by the Committee included the possibility of associating the Fund with the African Development Bank, and how the Fund could best accomplish its main objective of implementing the Lima Plan of Action in the African region. In working out the final structure and modalities of the Fund, account should be taken of the recommendations of the African Ministers of Industry in Nairobi. In conclusion, the Committee agreed that the issues raised should be the subject of thorough investigation by the exploratory field mission, and should not prejudice the outcome of that mission.