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sponsored by ECA, OAU and UNIDO

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PROGRESS REPORT ON MATTERS ARISING FROM THE EXTRAORDINARY  
MEETING OF THE FOLLOW-UP COMMITTEE ON INDUSTRIALIZATION IN  
AFRICA, MARCH 1982

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## Background

1. The present report starts with the convening, from 10 to 15 March 1980, of the extraordinary meeting of the Follow-up Committee on Industrialization in Africa which worked out proposals for submission to the second extraordinary session of the Assembly of Heads of State and Government of OAU, taking into account the unsatisfactory results of the third General Conference of UNIDO. These proposals included the formulation of plan on a short-, medium- and long-term basis, outlining the measures and policies related to the development of strategic industries.

### 1. Preparation for the First Economic Summit

2. The recommendations of the extraordinary meeting of the Follow-up Committee on Industrialization in Africa were made available to the Technical Preparatory Committee of the Whole, comprising senior officials of Governments responsible for various facets of development planning and implementation, which met in Addis Ababa from 3 to 3 April 1980 to prepare the groundwork for the Sixth Meeting of the Conference of Ministers of Planning which took place in Addis Ababa from 9 to 12 April 1980.

3. The Conference noted, inter alia, that the industrialization process in the region depend so much on imports of skilled manpower, equipment, materials, technologies and other factors, that very little of the local value added is left to it for reinvestment. In many cases, the effect of tax holidays and other subsidies and of inter-country competition for foreign investment is that African countries not only lose the savings which local processing was expected to yield but that they find their economies burdened with extra cost to pay for imported factor inputs whose prices are not only high but continue to rise. Thus, the adverse balance of payments both for commodities and for services are further inflated and the region continues to contribute in one form or another to the already massive capital accumulation in developed economies as it has for many past decades.

4. The Conference was of the view that States members of the region have tended to be persuaded to believe that the drive wheel of growth and development was the export of primary products to shrinking and changing world markets for such commodities. It recognized, however, that the region's engine of growth and development must consist of a combination of Africa's considerable natural resources, its entrepreneurial, managerial and technical resources, and its markets (restructured and expanded) to serve the mass of its people, and that in this engine, the development of the capital goods industries is a major component. The region thus has no alternative today but to map out its own strategies and vigorously pursue their implementation. Its efforts to do so may come to nought if it continues to try to hang on to the very chains that anchor its economies to those of other continents. 1/

5. The Conference recommended the implementation of a Plan of Action based on an integrated approach covering different economic and social activities and taking account of the interdependence of these activities. The Chapter concerning industrial development formed part of this Plan which was subsequently submitted and endorsed by the first Economic Summit of the Assembly of Heads of State and Government of the Organization of African Unity held in Lagos, Nigeria, from 28 to 29 April 1980. The total Plan has now come to be known as the Lagos Plan of Action.

1/ See UNECA, Plan of Action for the Implementation of the Monrovia Strategy for the Economic Development of Africa, 1980, para 12.

## 2. Major industrial decisions of the Economic Summit

6. In pursuing their medium- and long-term industrial development objectives, the African countries agreed to achieve the following targets in the short-term: (a) at least 1.4 per cent of world industrial production by 1990; <sup>2/</sup> (b) lay the foundation for the phased development of the basic industries which are essential for self-reliance, since they produce inputs for the other sectors. <sup>3/</sup> The priority basic industries as determined by Biennial Conferences of African Ministers of Industry were endorsed for inclusion in the Lagos Plan, as well as electronic industry and energy industry which were added as part of these priorities. <sup>4/</sup> The modalities for the creation of these priority subsectoral industries needs now to be studied and promoted at national and multinational levels.

### (a) Sectoral priorities

7. In addition to the major priority subsectoral areas contained in the industrial chapter of the Lagos Plan of Action, the African Heads of State and Government at the Economic Summit selected priority sectors for special attention in the course of the implementation of the Plan. These sectors are: food and agriculture; transport and communications; industry; energy; trade and finance. This was in recognition of the contribution of feedback from industry to other sectors and vice versa as a means of achieving harmonized industrialization and overall economic development. <sup>5/</sup>

8. For the Plan to take off, the Summit emphasized the requirement for greatly increased capabilities at all levels for intra-sectoral and inter-sectoral planning, for spatial planning; for the preparation of prefeasibility and feasibility studies and for project design, planning and management. <sup>6/</sup> The lack of these capabilities has hitherto been responsible for considerable and increasing foreign exchange payments for imported services.

### (b) Mineral resources

9. Since mineral resources form one of the basic inputs in the implementation of the Lagos Plan of Action, and taking into account the necessity for complementarity among the African countries regarding the use of their mineral resources, the ECA secretariat organized a Conference of Ministers responsible for the exploration and exploitation of mineral resources in Arusha, Tanzania, from 2 to 6 February 1981. The Conference, which was also attended by representatives of various advanced countries as observers, formulated specific programmes and projects for the development of priority mineral resources at national, subregional and regional levels and also identified areas of intra-African trade in minerals, as well as the contribution of industry to mining. Subsequent meetings of these Ministers will follow up the implementation of the programmes and projects identified.

### (c) Energy

10. Due to the vital role of energy in industrial development, and as a follow up to the action proposed in the energy part of the Lagos Plan of Action, the ECA

<sup>2/</sup> Ibid., para 85

<sup>3/</sup> Ibid., paras 80, 35(b)

<sup>4/</sup> Ibid., para 35 (b); also see the Progress Report arising from the Conference of African Ministers of Industry

<sup>5/</sup> Ibid., paras 75 (d), 83, 35 (e)

<sup>6/</sup> Ibid., paras 31, 83 (b) and (c)

secretariat undertook consultations with African Governments and assisted them in the preparation of documents for examination by the regional meeting on the new and renewable sources of energy, which was held in Addis Ababa from 12 to 16 January 1981. This meeting was part of the preparations for the United Nations Conference on New and Renewable Sources of Energy held in Nairobi, Kenya, from 10 to 12 August 1981.

11. The report of the regional meeting was adopted by the sixth session of the Commission in Freetown in March 1981 and contains specific proposals on such sources of new and renewable sources of energy as hydropower, geothermal energy, biomass, solar energy as well as priority actions at national and subregional levels.

(d) Agents of production and distribution

12. The Economic Summit agreed that the implementation of the Plan was largely the responsibility of the member countries; otherwise, it was felt, the Plan might slip into the hands of others whose purposes and objectives were different from those of the member States. 7/ Equally important, however, was the Summit's view that performance would to an important extent depend on the degree of participation of agents and instruments in the detailed planning and programming of the projects comprising the Plan. 8/

13. The implementation of priority industries and other objectives related to industrial self-sustainment and self-reliance and the fulfilment of basic needs, all imply the development of entrepreneurial capabilities involving the agents of production and distribution at the enterprise level. In this connexion, one of the major national objectives of the member States, as reflected in the Lagos Plan of Action, is to develop, encourage and support African entrepreneurs to participate effectively in industrial production with a view to achieving gradual control of the capital ownership in the sector by Africans. 9/

14. During the period under review, the secretariat has undertaken studies on review of experiences in a selected number of African countries, and has identified the most critical issues and weaknesses within the major fields of operation at the enterprise level, both in public and private sectors.

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7/ Ibid, para 37

8/ Ibid, paras. 35, 36 and 88 (p)

9/ Ibid, para 88 (c)

15. An integrated report, derived from a synthesis of the various country studies was examined by a group of African businessmen, involved in actual production, at a seminar held early in November, and their recommendations will be submitted to this meeting with a view to making proposals to the Conference for consideration.

16. In accordance with the Lagos Plan of Action, the project on development of entrepreneurial capabilities should highlight the potentials for linkages within and among sectors and projects and raise the awareness of entrepreneurs, both public and private, for developing collaboration in areas of complementarity and specialization.

17. The follow up envisaged for the project is expected to involve guidelines for structural reorientation of the multidimensional goals of enterprises and for governmental policies on support measures and services to strengthen the capabilities of the various industrial entrepreneurial groups. Particular attention will be given, inter alia, to the following problem areas: (i) raw materials; (ii) markets and marketing; (iii) semi-finished and intermediate goods; (iv) organization of finance and financing; (v) manpower and training; (vi) acquisition of equipment/technology; (vii) standards and quality control; (viii) information retrieval and dissemination; and (ix) multinational co-operation.

(e) Development of small-scale and rural industries

18. Among the requirements for the achievement of industrial development, as reflected in the Lagos Plan of Action, is the taking of effective measures and providing incentives for the development of small-scale and medium industries, taking into account the need for local resources use, employment and technological diffusion. <sup>10/</sup> Although the development of small-scale industries has always been implied in the decisions by the Conference of African Ministers of Industry on sectoral programmes, it is in the Lagos Plan that this objective has come out more clearly and specifically.

19. During the period under review, an exploratory mission of the ECA secretariat on small-scale and rural industries visited five African countries (Botswana, the Gambia, Kenya, Madagascar and Morocco) and India, with a view to determining modalities and means to assist African Governments in the further development of relevant central policies, programmes and support institutions.

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<sup>10/</sup> Ibid, para 88 (j)

20. As a follow-up action, an Intergovernmental Meeting of Experts is expected to be convened in the second or third quarter of 1982 to review the problems and structures of small-scale industries and prepare guidelines for designing and/or upgrading of support institutions. Activities are underway for preparation of a directory on project profiles for creation of network of possible types of small-scale and rural manufacturing industries with special reference to access to technological processes, equipment, raw materials, energy sources and markets. The information in the directory should be such as to serve as guide to planners and administrators of the small-scale industry development programme and assist existing and potential small industrial entrepreneurs to make sound economic decisions with or without extension officers.

### 3. Consultations with OAU and UNIDO secretariats

21. Representatives of ECA secretariat have held consultative meetings with the representatives of OAU and UNIDO secretariats, with a view to strengthening co-operation among the three secretariats through developing a more effective programme of work for the implementation, in the field of industrial development, of the Lagos Plan of Action and, in particular, the United Nations General Assembly resolution 35/54 and resolution 35/66 (B) on the Industrial Development Decade for Africa.

22. As a result of these consultations, the OAU, ECA and UNIDO secretariats have agreed to establish a joint committee to facilitate the roles of the respective secretariats in assisting African countries in the implementation of the Lagos Plan and the Industrial Development Decade for Africa (1980-1990).

23. Since the Lagos Plan of Action is expected to cover a period of fifteen to twenty years the Decade could be regarded as the period for laying down the foundations of the Lagos Plan. The foundation will, of course, be tied to the priorities already laid down by the biennial Conference of African Ministers of Industry from whose decisions the Lagos Plan on industry was derived, viz: (i) food and agro-industries; (ii) building industries; (iii) metallurgical industries; (iv) engineering industries; (v) chemical industries; (vi) forest industries; and (vii) energy industries (also see the progress report on decisions of the CMI).

### 4. Legislative authority, Programme of Work and Priorities for 1982-1983 and the Medium-term Plan 1984-1989

24. Since the Lagos Plan of Action and the Industrial Development Decade for Africa were based largely on the recommendations of the Conference of African Ministers of Industry co-sponsored by the OAU, ECA and UNIDO, as well as the recommendations of the meeting of the Commission, at its fifteenth session, held in April 1980, ECA was also able to revise its work programme for 1980-1981 and to incorporate the highest priority programmes for the Industrial Development Decade in its 1982-1983 work programme and in the medium-term plan for 1984-1989. These programmes were subsequently approved by the Commission at its sixteenth session in Freetown, Sierra Leone.

25. Due to the importance attached to the attainment of collective self-reliance, high priority was given also to the establishment of multinational industries in the region, especially in such basic areas as metallurgy, foundry, chemicals, etc., with high

investment costs; expansion of bilateral industrial co-operation among African countries through such means as joint ventures. <sup>12/</sup> As such, it is understood that industrial programming at the MULPOC level has to take into account the Lagos Plan of Action, including the creation of basic and other priority industries.

5. UNIDO/ECA joint projects for UNDP's Third Programming Cycle 1982-1986

26. Recently, at Addis Ababa, UNIDO and ECA worked out projects for UNDP funding based on the Lagos Plan of Action and on requests from governments and intergovernmental organizations and presented them jointly to the interagency meeting for the UNDP Third Programming Cycle for Africa for 1982-1986, held in Addis Ababa from 22 to 25 April 1981. These projects which are to be implemented with the participation of other interested United Nations agencies, as well as those referred to and/or implied above, are expected to be among the projects to be promoted during the Decade.

<sup>12/</sup> Ibid., paras 79 (d) and 39 (c).

INDUSTRY AND INDUSTRY-RELATED ECA PROJECT PROPOSALS SUBMITTED TO UNDP FOR UNDP THIRD  
PROGRAMMING CYCLE 1982-1986 (US\$)

Project Number and Title	Total estimated budget 1982-86	1982	1983	1984	1985	1986
RAF/73/023, Building Materials and Construction Industries (incorporating UNIDO project with African Centre for the Development of Clay-based Industries)	3,364,000	424,000	1,053,000	301,500	734,500	351,000
- on-going project						
RAF/77/030 African Regional Centre for Engineering Design and Manufacturing	3,364,000	424,000	1,053,000	301,500	734,500	351,000
- on-going project						
Chemical Industry Development Programme (new project under approval)	3,000,000	1,000,000	1,000,000	1,000,000		
- in association with UNIDO						
TCDC in Promotion of Small-scale Industrial and Ancillary Activities	485,000	26,500	294,600	123,300	40,000	-
Promotion of the Development of the Iron and Steel (and non-ferrous metal) Industries	1,600,000	150,000	293,000	418,000	442,000	297,000
Promotion of Improved Agricultural Machinery and Equipment Manufacture	1,200,000	68,000	372,000	186,000	386,000	188,000
Promotion of Manufacture of Transport Equipment	1,100,000	60,000	356,000	244,000	396,000	44,000
Promotion of Electrical Equipment and Manufacture	303,000	79,000	116,000	108,000	-	-
RAF/73/068 - Manpower Development for Basic Industries	352,000	148,000	102,000	102,000	-	-



INDUSTRY AND INDUSTRY-RELATED ECA PROJECT PROPOSALS SUBMITTED TO UNDP FOR UNDP THIRD  
PROGRAMMING CYCLE 1982-1986 CONTD.

Project Number and Title	Total estimated budget 1982-86	1982	1983	1984	1985	1986
- on-going project						
Improvement of industrial statistics in the African region	378,550	43,300	39,000	93,350	99,900	53,000
Development of Capability of African Industrial Entrepreneurs (related to TCDC)	173,000	58,500	43,500	53,500	17,500	-
RAF/77/003, Assistance to the African Regional Centre for Technology	3,900,534	1,551,293	1,395,050	354,183	-	-
Energy resources Atlas of Africa	412,000	61,500	227,000	123,500	-	-
- New project						
Feasibility study on the establishment of pilot training and production workshops in engineering disciplines in African LDCs	239,595	91,330	197,765	-	-	-
RAF/78/058 - African Institute for Higher Technical Training and Research	2,391,000	455,000	585,000	543,000	453,000	343,000
<b>Total</b>	<b>22,317,579</b>	<b>4,752,023</b>	<b>7,177,865</b>	<b>5,457,338</b>	<b>3,303,400</b>	<b>1,527,000</b>