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PROPOSED FRAMEWORK FOR AFRICAN COMMON POSITION
PART ONE
(Agenda Item 7)

This document, prepared jointly by the Secretariats of OAU, ECA and UNIDO has not been formally edited.
Seventh Conference of African Ministers of Industry
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A. INTRODUCTION

1. The Fourth General Conference of the United Nations Industrial Development Organization (UNIDO) will provide an opportunity for African Governments to review the progress in the implementation of the Lima and New Delhi Declarations and Plans of Action which were adopted at the Second and Third General Conferences respectively. African countries will, in particular assess the results of their industrialization efforts within the framework of the Industrial Development Decade, analyse the problems they have encountered and propose concrete measures to redress these problems and enhance the achievement of an accelerated industrial development. This brief paper is designed to assist African Governments in this exercise.

2. The purpose of this paper is four-fold:

(i) to examine the role of the industrial sector and industrialization in the achievement of a better economic well-being for African peoples, and of the development objectives that African Governments have set for themselves;

(ii) to emphasize the need for effective implementation of the regional and sub-regional plans and programs embodying these objectives; within the framework of the program for the Industrial Development Decade for Africa, and to analyse the requirements for a successful and effective implementation of these plans and programs; and

(iii) to relate these requirements to the objective and theme of the Fourth General Conference of UNIDO, with a view to ensure an integrated African position for purposes of negotiation at the Conference.


B. THE ECONOMIC BACKGROUND

3. Inspite of her enormous natural resources, both exploited and unexploited, Africa remains the least developed continent in the World, in terms of all the well-known economic indicators. Out of the 36 countries classified by the United Nations as the least developed, 26 are in Africa.

4. African countries have over the years, and inspite of the achievement of national political independence, concentrated on the production and export of a small range of agricultural and mineral products (cocoa, coffee, cotton, oil seeds, timber, copper, iron ore, petroleum, etc). It has been the expectation that economic growth could be achieved in this way, and that the foreign exchange earnings from these exports would finance the programs of socio-economic development in the context of the national development plans. These expectations have never materialised. Instead, African countries have continued to depend on the outside world for what should have been the products of Africa's economic development.

5. Many countries attempted to diversify their economic activities through the establishment of import-substitution industries, financed largely from the earnings of agricultural and mineral exports. Actually, the objective was to substitute the whole product, not just one or two components, processes or aspects, etc. with locally available materials. As it turned out, this strategy boiled down to assembling in the countries imported parts, components and pieces of the products that were originally imported. This assembling was effected with imported know how technology, equipment and raw materials. The cost was formidable and the assembled products in all cases, became much more expensive than when the same products were previously imported.

6. The problem is not so much the failure of Africa's expectations to materialise, as the adverse impact of strategies that have been followed to date. The external dependence and orientation of the major economic activities have contributed to the neglect of national markets. Even the products of the import-substitution industries were designed for the small urban areas and markets that were mere extensions of the metropolitan markets. As a result of the narrow economic base, the level of development of the required capabilities for the multiferious economic activities has remained very low, and Africa has to depend on the outside world for these needed services. As a corollary, the infrastructural facilities that are an important determining factor for economic growth have remained, where they exist, at a rudimentary stage.
7. These problems are observed in many African countries till today, and they are directly responsible for Africa's poor economic performance. Among these are those associated with the current manpower and financial situations which affect industrialization in Africa. The manpower problem, especially industrial and technological manpower, is a result of the system of education which had emphasised the liberal arts, failure to develop indigenous technology and integrate it into the national development process, as well as the low level of industrial and technological development. As a result, African countries have depended, and still depend, very much on expatriate manpower for the activities required in industrial development.

8. Financial constraints, especially foreign exchange constraints, are a serious factor affecting African industrialization. Payment for the capital goods, services and industrial equipment and raw materials are a drain on the meagre foreign exchange resources generated by agricultural and mineral exports. Unless African economies, in particular African Industries generate these necessary factor inputs internally, Africa will continue to depend on external sources for them, and the financial/foreign exchange factor will still constitute a serious constraint to Africa's industrialization.

9. Finally, Africa's development strategies have for a long time been influenced and, in many cases, dictated by external factors such as foreign advisers, technical assistance both bilateral and multilateral, as most vividly stated by the African Heads of State and Government in the LPA that:

"The effect of unfulfilled promises of global development strategies has been more sharply felt in Africa than in the other continent of the world. Indeed, rather than result in an improvement in the economic situation of the continent, successive strategies have made it stagnate and become more susceptible than other regions to the economic and social crises suffered by the industrialised countries. Thus, Africa is unable to point to any significant growth rate, or satisfactory index of general well-being, in the past 20 years. Faced with this situation, and determined to undertake measures for the basic restructuring of the economic base of our continent, we resolved to adopt a far-reaching regional approach based primarily on collective self-reliance".

3 Organization of African Unity, Lagos Plan of Action
Page 5 paragraph 1.
10. The renewed search for an appropriate and authentic strategy for Africa dates back to 1975 following a series of initiatives taken by the Economic Commission for Africa (ECA) whose catalytic role in that respect was greatly decisive and was supported unreservedly by the Organization of African Unity. However, the culminating point of that constant search for a new African strategy was reached at the Lagos Economic Summit. That meeting, it should be acknowledged, was inevitable. The trend in international economic situation was such that Africa's collective attention, at the highest political level, had to be drawn to the worsening situation most felt in Africa. Its timing (April 1980) was auspicious since it came after a period of 4 to 5 years during which African countries, together with other Third World countries, unsuccessfully fought for the restructuring of the existing international economic system.

11. The Monrovia Colloquium, which fired the idea of an African Economic Summit, was organised from 12 - 16 February 1979 partly under the auspices of the Organization of African Unity. It was attended by some 40 eminent African Experts of diverse callings and from all corners of the continent. The Experts reviewed Africa's economic and social development and how best these could be given a new direction in order to prevent Africa's serious situation from deteriorating further. In practical terms, the Colloquium inspired the ECA Conference of Ministers meeting in Rabat, Morocco, in March 1979, to adopt guiding principles to be followed, and measures to be taken, to ensure national and collective self-reliance in economic and social development, for the establishment of a New International Economic Order in Africa. These guiding principles were presented to the Sixteenth Ordinary Assembly of OAU Heads of State and Government meeting in Monrovia, Liberia, in July of the same year. The Session of the Assembly endorsed the principles adopted by the ECA Conference of Ministers under what is now popularly referred to as the Monrovia Declaration of Commitment of the Heads of State and Government of the OAU. That Summit also decided on holding an Extra-Ordinary Summit in Lagos, Nigeria, devoted exclusively to economic matters.

12. When, therefore, the Second Extra-Ordinary Summit of the OAU, popularly called the Economic Summit, was held in Lagos, Nigeria, the requisite political will was there for the Heads State and Government to provide a Programme and Framework for the implementation of the Monrovia Strategy for the Development of Africa. That Programme and that Framework are what now are popularly referred to as the Lagos Plan of Action and the Final Act of Lagos, which have become the basic documents for economic co-operation among Member States of the OAU.
13. Regarding the salient results achieved at these meetings, it should be noted that both the Monrovia Strategy and the Lagos Plan laid emphasis on:

(i) the significance of domestic markets both at the national, sub-regional and regional levels as sources of supply of the factors of production and as outlets for the goods and services to be produced. This implies that the primary objective of economic activity is to produce goods and services to meet the needs of the mass of people;

(ii) a better knowledge of available natural resources for national planning in the interest of the continent; implying that Africa's natural resources should be used to meet the needs of the economy, instead of being simply exported in their raw form;

(iii) the need to associate all agents of production in the development process and to promote linkages within and among the various economic sectors;

(iv) the promotion of a self-sustaining development in order to accelerate the achievement of self-reliant growth, aimed at reducing excessive external dependence under-employment, the poverty of economic growth;

(v) the promotion of intra-African co-operation and integration;

(vi) an integrated approach to the economic development of Africa, thus ensuring the full complementarily of all sectors and sub-sectors of the economy.

14. Both the Monrovia Strategy and the Lagos Plan of Action postulate that economic growth in the interest of the African masses and people should be based on an increased utilization of primary commodities and natural resources of African origin. The development of African entrepreneurial capacities to achieve this objective constitutes an important factor.

15. As measures of implementation, the Strategy and, more especially, the Lagos Plan of Action attach great importance to the following priorities:

(i) improvement of the agricultural output and the attainment of the objective of food self-sufficiency;

(ii) Africa's industrial development especially in Agro-based industries as a principal factor for economic growth;

(iii) adequate knowledge of natural resources for their better and rational utilization;
(iv) the development and use of science and technology, the development of available human resources through adequate training and, the improvement of national capabilities for the various activities involved, for the achievement of national and collective self-reliance;

(v) transport and communications as paramount factors for integrated economic development and the promotion of intra-African economic co-operation;

(vi) appropriate solution to the energy problem;

(vii) integration of women in development.

D. THE INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA

16. The special importance given to the problem of Africa's industrialization in the Monrovia Strategy and in the Lagos Plan of Action which was accorded a high priority only second to self-sufficiency to food production, is demonstrated in the dynamic effort deployed by African Ministers of Industry since the Lima and New Delhi Conferences and in the recognition of the crucial role which industry must play for the economic and social development of Africa.

17. It is because of that particular role and the need to give greater impetus to the industrial component of the Lagos Plan of Action that, after a series of recommendations, the 1980's have been proclaimed by the UN General Assembly, the Industrial Development Decade for Africa. African Heads of State and Government, had already made this proclamation in the LPA, with the objective of laying a solid foundation for self-sustained industrialization and self-reliant growth; in recognition of the following facts:

(i) previous industrial activities undertaken, which were mainly export oriented, have contributed very little to meeting the needs of the people and the modernization of the African countries;

(ii) the import substitution strategy, which characterized the industrial policy of most African countries after the 1960's, was generally limited to the production of goods for the small urban markets. It was based on capital intensive investments and consequently engendered dependence on foreign countries for capital, skilled manpower, technology and even the supply of raw materials;
(iii) the success of the various regional or national plans and programmes, including the African Food Plan, and the overall economic performance in the context of the LPA and the Decade Programme will very much depend on the performance of the industrial sector and the success of the industrialization effort.

18. A programme for the Industrial Development Decade for Africa was adopted by the Sixth Conference of African Ministers of Industry, in November 1981, which lays down the broad objectives to be achieved, as well as the modalities and strategies to be followed, for the effective implementation of the programme. An important aspect of the recommended strategies is that resources, since they are limited, should, in the first instance, be concentrated on the promotion of core industrial projects in order to provide effective take-off and to serve as a means of developing and strengthening the capabilities required for implementing the decade programme in full. The following industries have accordingly been given special emphasis:

(i) industries which contribute to agricultural development and to the growth of food supply, such as those which produce agricultural tools and machines, irrigation, tractors, as well as other farm inputs like fertilizer, etc;

(ii) industries which contribute to the development of transport and communications, such as industries which produce transport equipment including vehicles, vans, trucks carts, etc;

(iii) industries which contribute to the development of natural resources, such as industries which produce equipment for surveys and mineral exploitation; ore processing industries smelting works and repair workshops, as well as those in the textile sub-sectors;

(iv) industries which contribute to the development of energy and produce generators, transformers, electric cables, etc.

19. The list indicated above is to enable the selection of key industries which manufacture capital goods, machine tools and machines for metal works, wood works, raw materials as well as for basic industries such as metal works, mechanical workshops, etc. These industries constitute the foundation for industrial development in so far as they produce tools, materials and equipment needed by other industries and sectors, as well as work directly towards meeting the essential needs of the African people.
20. In order to effectively implement the decade programme with regard to both the strategies and objectives, the Seventh meeting of the Follow-up Committee on Industrialization in Africa, in March 1983, adopted specific guidelines for initiating priority action at the national, sub-regional and regional level, in relation to the areas for initial concentration. Important aspects of the guidelines include the following:

(i) an integrated approach to various industrial activities having regard to the linkages between them and other sectors;

(ii) the development of basic industries likely to sustain other industries and serve as the motor for growth;

(iii) the development of institutional infrastructures, including energy, technological and human resources;

(iv) the mobilization of financial resources, the establishment, and strengthening of capacities of existing financial institutions;

(v) the development of national markets and their links to sub-regional and regional markets for effective exploitation, having regard to the promotion of industrial co-operation among African countries.

21. In their assessment of the results of UNIDO III, the CAU, UNIDO and the Economic Commission for Africa presented a comparative analysis of the different positions of the major groups of countries on the various issues before the conference, especially in relation to the achievement of the target set by UNIDO II in Lima. The Lagos Plan of Action has, in its chapter on Industry, disaggregated the Lima global target and has set sectoral priorities as well as sectoral targets to be achieved. The IDDA programme has, on the other hand emphasized the link between industrial development and activities in all other sectors. These links are a two way traffic, in the sense that activities in all these sectors should be mutually self-supporting in order to achieve the desired results, including the set targets. The requirements for an effective policy for industrial development therefore should not only recognize the essence of sectoral links but should in addition, embody measures to build up and strengthen sectoral integration.

22. The requirements for full and effective implementation of the programme for the Industrial Development Decade for Africa, which are analyzed in Section F below, should constitute the
central issues for African countries at UNIDO IV, in spite of the well known positions adopted on similar issues at the New Delhi conference. However, account should be taken of these positions in developing an African negotiating strategy, especially in view of the disappointing results of UNIDO III for Africa. At the same time African countries should not abandon some of the basic positions on the issues which are crucial for their accelerated industrial development. Of course all issues are important, but they could not be accorded equal priority. The preparation of an effective negotiating strategy implies a prior selection and agreement on the issues of primary concern to African countries, such as those analysed in Section F, on which the success or failure of the Conference would eventually be evaluated. Given the importance attached to links between industry and other sectors, the negotiating strategy would also take account of certain sectoral priorities such as those indicated in paragraph 13 in order to ensure the proposed measures and solutions are mutually consistent.

E. PROBLEMS OF IMPLEMENTATION OF THE IDDA PROGRAMME

23. The implementation of the decade programme is still at its preparatory phase. There are nevertheless serious problems in carrying out the preparatory activities which were approved by the Sixth Conference of African Ministers of Industry, mainly in two areas - financial resources and full awareness by African Governments. The Ministers had called for the organisation of national and sub-regional workshops to analyse industrial structures as a basis for fashioning appropriate industrial strategies in conformity with the objectives and requirements of the IDDA. The failure to carry out this activity has been mainly due to the inability to obtain financial resources, even from the UNDP whose financial resources have been drastically reduced.

24. The other aspect of the problem relates to the first, in the sense that the mobilization of the awareness and orientation of African Governments would have been considerably enhanced by the workshops. At the same time, it has to be recognised that there are many factors at work in African countries, especially foreign operators, including certain international institutions, trans-national corporations, governments, advisers, etc., whose interests are opposed to the objectives and strategies of the IDDA. The activities of these foreign agents have often swerved African governments from the priorities set in the decade programme. There are, in addition, certain well known difficulties that have confronted and will continue to confront African governments in their individual and collective effort to industrialize, especially along the lines recommended in the IDDA programme. These will be examined in the following section in the context of the requirements for the effective implementation of the decade programme at the national, sub-regional and regional level.
F. REQUIREMENTS FOR THE EFFECTIVE IMPLEMENTATION OF THE IDDA PROGRAM

25. The purpose of this section is to bring out some of the basic issues involved in African industrialization, with particular reference to the IDDA Programme, having in view the need to achieve concrete results at UNIDO IV - results that will support and enhance the achievement of accelerated industrial development for Africa. A central factor in African economic development, and in industrialization in particular, is the lack of capabilities for undertaking all the activities needed for the achievement of self-reliance, such as project identification, preparation, negotiation, execution and monitoring; as well as for the formulation of policies and strategies that fully take into account the lack of capabilities in Africa. Priority attention should therefore be given to this serious handicap; through the development of the requisite industrial manpower, including skills and techniques required for various activities. Educational programmes, technical assistance programmes and other forms of external assistance, should all be oriented towards meeting the manpower and other requirements of the IDDA. The international community, through the medium of UNIDO IV, should be sensitized of these African needs by the African delegations.

26. The second aspect of this problem is the need to stress the contribution from other economic sector programmes to the implementation of the IDDA, and the need for involvement of these programmes in the implementation process. The programs on natural resource exploitation should recognise the needs and requirements of the various projects for the implementation of the IDDA programme; the exploitation and use of energy resources should recognise the needs of industry; the development of science and technology should be related to the objective of accelerated industrial development. The same is true for such support services as transport and communication, consultancy, trade negotiation, etc.

27. There is, finally, the problem of financial resources which merits special emphasis in that without a massive and sustained inflow of financial resources to Africa the effective implementation of the decade programme will certainly be jeopardised. Africa has had a relatively short history of industrial development; in many cases, the experience has not been rewarding in that African industrialization has failed to make an impact on the economy commensurate with the costs-in terms of the foreign exchange earnings allocated to the industrial sector. The problem was due both to the industrial strategies pursued, as discussed elsewhere in this paper, and to the direction of the available financial resources. The emphasis in the IDDA programme is that priority attention should be given to certain industrial projects in the first instance, in order to ensure that such resources as are allocated would contribute significantly to achieving the objectives of the Decade.
28. African Governments have recently met at the sub-regional level to select the multinational core industrial projects to which priority attention should be accorded in the allocation of investment funds. There is an urgent need for effective mobilization of both domestic and external financial resources for execution of these core projects. This calls for a redirection of bilateral and multilateral technical assistance and aid programmes including, in particular, the programmes of the World Bank, other regional development Banks as well as other multilateral financial institutions. Such redirection of resource flows to Africa should take into account Africa's particular problems in order to ensure an increasing concessional component of these flows, particularly to the least developed countries.

29. The financial resources of the United Nations system are equally important. The General Assembly should in particular increase the resources of both UNIDO and the Economic Commission of Africa in order to enable them to effectively assist African governments in their individual and collective effort to implement the decade programme. The United Nations Development Programme should allocate increasing resources to the African regional programme and, in this context, earmark a substantial amount to the IDDA programme. All other United Nations agencies and specialized institutions should reorient their work programmes and undertake such internal adjustment as would enable them to contribute effectively to the implementation of the programme for the Industrial Development Decade for Africa.

30. The successful implementation of the decade programme and the building of a solid foundation for self-reliant growth, and self-sustained development will also require:

(i) knowledge of industrial techniques appropriate to the African situation and in consonance with the basic objectives of African industrialization, sources of these techniques, terms and conditions of acquisition;

(ii) the development of industrial and technological manpower;

(iii) production of various forms of energy for industrial use;

(iv) the promotion and exploitation of economic co-operation among developing countries as well as concrete industrial co-operation programmes with the developed countries.

(v) establishing and or strengthening industrial institutions at the national, sub-regional and regional level.
G. CONCLUSION

31. The foregoing presentation is designed to briefly highlight the Industrial Development Decade for Africa, in particular the requirements for its effective implementation by African countries. The presentation is also to serve as an introduction to the major background and policy papers on the Fourth General Conference of UNIDO.