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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

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EVALUATION REPORT ON INDUSTRIAL ESTATES NO. 7
NIGERIA 1/

by

C.R. Wynne-Roberts*

* Consultant

1/ The views and opinions expressed in this paper are those of the consultant and do not necessarily reflect the views of the secretariat of UNIDO or of the Swedish International Development Authority (SIDA), under whose joint auspices the study was undertaken. This document has been reproduced without formal editing.

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INTRODUCTION

This study of the contribution of industrial estates in Nigeria to the nation's industrial development is part of a programme of studies undertaken by the United Nations Industrial Development Organisation and financed by the Swedish International Development Agency. It was carried out by Mr. C.R.Wynne-Roberts, Consultant, from 10 to 24 October, 1976.

In previous reports an appendix has been devoted to the methodology of the study and the problems encountered. As this is a rather short report, it is felt that these points can be well dealt with in this Introduction.

The choice of Nigeria as one of the countries in which to make a study was not, perhaps, at this particular time and at very short notice, a very happy one. The country is at a stage of very rapid growth which has temporarily almost overwhelmed the physical infrastructural facilities in terms of accommodation, transport, especially inside the Lagos area, and communications. The traffic in and out of the city is so dense that it is possible to spend hours covering a few kilometres, while the telephone services are often erratic. It is thus rarely possible to make appointments at relatively short notice and means, in practice, that it is usually necessary to make unannounced visits, where possible, with appropriate letters of introduction. This in turn inevitably means a loss of working time and inconvenience to all concerned. Only at Enugu was it possible to give advance notice of arrival, thanks to the chance visit of the UNIDO expert there to Lagos shortly after the arrival of the consultant.

In spite of the difficulties, everyone concerned was more than kind and helpful. Everywhere, in government organisations and in private firms alike, the consultant was received with great courtesy and consideration. All information readily accessible was made available but, of course, detailed information could not always be compiled at a moment's notice and the tight schedule made it impossible to return and collect additional data. It is for this reason that some of the supporting data are rather sparse.

It is impossible to mention all those who contributed in one way or another to the consultant's work. Mr. J.A. Nwogwugwu of the Ministry of Economic Development gave encouragement and aid and chaired a debriefing meeting at the end of the mission. Mr. F.J.Onoko, at this time Director of the Small Scale Industries Division of the Federal Ministry of Trade, Industry and Cooperatives, arranged the contacts with the State Ministries and provided letters of introduction.

In Lagos State, Mr. R.A.Baruwa and Mr. F.A.David of the Ministry of Trade, Industry and Cooperatives and Mr. Oluwole Akinosho, Director of Yaba Industrial Estate were very helpful. Mr. C.B.Jinadu, General Manager and Mr. A.A. Odumyeri of Lagos State Development and Property Corporation enabled the consultant to study the Corporation's industrial areas. At Kano, Mr. A Daura and Mr. Y.S.Ringim sponsored the visit.

At Enugu it was possible to have lengthy discussions with the Commissioner for Trade, Industry, Cooperatives and Transport, Dr. Chigbo and with the Permanent Secretary, Mr. V.N.Nwoneke. The Officer in Charge, Small Scale Industries, Mr. F.E.Agasie and Mr. S. Nagarajan, accompanied the consultant in visits to the estate and to industry in the town.

Special thanks are due to the Resident Representative, Mr. Kurt Janssen and to Mr. William Dickens, Assistant R.R. in charge of administration. The mission imposed great strains on both the limited transport facilities and UNDP accommodation, which, nevertheless, were overcome. Mr. Vincente Lavides, UNIDO-SIDFA arranged official contacts and much else.

Although the visit was not strictly part of the work of the mission, Dr. S.G.Odia, Director General of the Nigerian Centre for Management Development and a former colleague, contributed to an understanding of the industrial scene and rescued the consultant from an impasse after a car breakdown.

Errors and omissions in this report are the sole responsibility of the consultant.

CONCLUSIONS

1. Industrial estates in Nigeria are still in their infancy. The Yaba Industrial Estate and, to a less extent, the Enugu Industrial Estate, have proved of some value in allowing small industries to develop themselves from the artisanal stage, but, apart from the provision of buildings and some other facilities at low cost, there seems to have been little positive action to aid the firms. No technical assistance seems to have been provided, either in management or technology.

2. The fact that a significant proportion of the firms at Yaba and at Enugu have continued over long periods at about the same level and that some have actually gone downhill and even gone out of business, suggests the need for more stringent selection procedures and some kind of "tests" for entrepreneurial potential such as those developed by Professor MacClelland in his "achievement motivation" programmes. These programmes have been used with modest success in African countries for the identification of entrepreneurs and their development.

3. Apart from selection on the basis of personal capacity for development, it must be asked whether there should not have been greater effort to take in firms in related fields of activity. This would be beneficial in a number of ways. First, there would be possibilities of division of activities, intra-estate contracting and sub-contracting. Second, assistance in improving technical performance and the provision of some central production or quality control services would be easier to achieve. Third, management and other courses could be more easily run on the spot. Central purchasing and even some cooperative marketing would be possible.

4. The Nigerian Government envisages a large programme of industrial estates which will take a lot of financing. It would seem to be strongly advisable, before this is launched, that policies relating to questions such as that raised above be thoroughly explored and established. Further, this programme will need a number of officials who will become directors of industrial estates. If they are to be able to play positive roles in the development of the firms in their estates, they must have the knowledge and ability to do so. It is suggested that officials designated for these posts be selected well in advance and sent on fellowships to different countries having well developed programmes in this field. Before doing so, they might attend a programme, laid on by UNIDO, in which the key factors in industrial estate promotion and management and in the development of small industrialists and artisans are thoroughly examined with the aid of expert tutors. Such a programme could be easily put on at the Advanced Technical and Vocational Training Centre at Turin, Italy, which already runs many specialised programmes of a similar nature.

5. The industrial areas in Lagos State and at Kano are really only zones outside the cities set aside for industry with plots at low rentals. They are important from this point of view and, in the case of Lagos, providing sites on land which the State had the foresight to buy up near the main arteries, thus precluding land speculation, which would certainly have developed. The only feature of interest is that there was a conscious attempt to bring the work to the places where the workers lived in order to reduce the rigours of travel and congestion on the roads. This has so far been only partially successful, because much of the housing has been used for rehousing people unrelated to the firms on the sites.

I. THE NATIONAL BACKGROUND

1. Basic Statistics[1]

Area	Km^2	570,670
Population, (1973 est.)[2]		59,582,000
GDP (1973/74 est.)	US $[3]	8,757,727,000
GDP per Capita (1973/74 est.)[4]	$	147
Growth Rate (1971-75 est.)	Per Cent	8
Imports c.i.f. (1974)	$	2,632,273,000
Exports f.o.b. (1974)	$	8,765,151,000
of which petroleum (1974)	$	8,119,848,000

Exchange Rate, (Oct. 1976) US $ 1 = 0.625 Naira. The figures above are based on the rate of $ 1 = 0.66 Naira.

Available statistics on employment date from 1963 and are meaningless today.

2. General Information

The Federal Republic of Nigeria is a coastal state within the Gulf of Guineawith Niger to the north and flanked by Dahomey and Cameroon. The climate is tropical in the south with an average temperature of 32°C and high humidity. It is drier and semi-tropical in the north. Rainfall reaches 3,800 mm. in parts of the south-east. The country varies from tropical ra . forest in the south a . east through sav nnah in the central part to desert in the north west.

Agriculture used to be the mainstay of the economy and in 1960 provided 80 per cent of the export earnings. By 1974, because of the huge growth in petroleum exports and the greatly increased price of crude oil, earnings from agricultural exports dropped to 8 per cent. Agriculture still employs over two-thirds of the working population. The main commercial crops are cocoa, palm oil, groundnuts, cotton and rubber. There is extensive exploitation of the forests for timber and fishing occupies an estimated 1.5 million people. Apart from petroleum, found in the south-east, minerals include tin, columbite, (95 per cent of the world's industrial requirements), coal and iron ore.

Industry is diversified and there has been a rapid expansion of manufacturing industry in almost all fields, most, though not all, through joint ventures between foreign companies and Nigerian interests. Further legislation is currently being introduced to speed up the process of "Nigerianisation". All small industry will be wholly Nigerian owned and Nigerian interests must have at least 40 per cent of the capital in other enterprises.

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[1] Unless otherwise stated, the statistical and general information in this Section have been taken from Africa South of the Sahara, 1976; Europa Publications Ltd. London, 1976.

[2] The results of the 1970 census have been discarded on account of suspected falsification in some areas. This estimate is made by the United Nations.

[3] At 1962-63 factor cost.

[4] Arrived at by d viding the 1973-74 GDP estimate by the 19.3 population.

The large favourable balance of trade is being used to improve communications, especially roads and airport facilities and harbours, and to further industrialisation. Education has high priority. Universal free primary education is being introduced in 1976; 800 new secondary schoolsand four additional universities are being established. By 1980 the expected student enrolment at all levels is expected to top 14 million.

The population is made up of three principal peoples, Hausa in the north and north-west, Yoruba in the south and centre and Ibo in the south-east. There are a number of smaller peoples. In 1975 the former 12 States were divided up into 19 and for the most part, renamed. Each State has its own Government and has a high degree of freedom in its economic decisions, although the Federal Government supplies most of the development funds.

The most important cities are (1971 estimates):

Lagos (Federal Capital)	900,969
Ibadan	758,332
Ogbomosho	386,650
Kano	357,098
Ilorin	252,076
Oshogbo	252,583
Abeokuta	226,361
Port Harcourt	217,043

Most of these figures have been far surpassed in 1976. Lagos, with its suburbs extending into Lagos State, is thought to have a population approaching two millions. It suffers severely at present from transport and traffic problems, making life for the working population very arduous and seriously impeding the conduct of business.

The differences in standards of living between various parts of the country are very marked. In Lagos and the major cities a minimum wage code operates under which the lowest paid worker should earn not less than 60 naira, ($ 96) per month, although this is far from being observed in small industries. Higher civil service salaries, salaries in industry and in the universities are not far from West European levels, although the inflation rate, which has been around 30 per cent per annum for the last two years, and the general shortage of consumer goods, makes the cost of living very high.

Against this, large parts of the population in the countryside are still living at subsistence level and even outside the money economy. Among other things, this is causing heavy migration to the cities, Lagos in particular, causing further congestion and crime and straining the amenities beyond their limits.

3. <u>Government Policies on Industry and industrial Estates</u>

Industrialisation in Nigeria is taking place on several levels simultaneously. At the top level it is almost entirely in the hands of foreign firms, in which Nigerian interests are increasingly required to participate.

Thanks to the oil boom and a strongly favourable balance of trade, a great deal of indigenous capital is available.

The Third National Development Plan, (April 1975 - March 1980), forecasts a Federal Government public sector investment of 20,000 million naira, a State governments' investment of 6,500 million naira and private sector investment of 10,000 million naira. GDP is expected to grow in the same period from 13,962 million naira, ($ 22,339 million), in 1974-75 to 21,589 million naira, ($ 34,542 million), in 1980. Of these sums, 6,000 million naira are allocated to industrial development and 4,000 million to transport. Technical education will be allocated 202 million naira.

The basic legislation relating to industry is centred on the Nigerian Enterprises Promotion Decree, 1972. The main provisions are:

- The establishment of the Nigerian Enterprises Promotion Board, under the Chairmanship of the Permanent Secretary, Federal Ministry of Industries. The primary role of the Board is to advise the Commissioner for Industries on the development of policy and to determine all other questions relating to industry and commerce referred to it by the Commissioner.

- The establishment of Nigerian Enterprise Promotion Committees in each State with generally similar functions as the Board in relation to industry and commerce in the respective States.

- The allocation of certain sizes of industrial enterprises and certain areas of industrial and commercial activity exclusively to Nigerian interests, as from 31 March, 1974.

  It is laid down that:

  No alien shall be owner or part owner of an enterprise whose paid-up share capital does not exceed £200,000, or

  whose turnover does not exceed £500,000,

  and that no alien enterprise shall be established after that date within that category. Further, where the paid-up share capital and/or turnover exceed these limits, Nigerian participation shall be not less than 40 per cent.

Penalties are foreseen for the infringement of these provisions. Furthermore, certain fields of activity are exclusively reserved for Nigerains. These include:

- advertising, betting, the entertainment industry, broadcasting, newspaper publishing and printing and the retail trade and, in manufacturing industry, assembly of radios, televisions, record changers, tec., alcoholic drinks, bakery, bricks and tiles, rice milling, singlet manufacture and the manufacture of jewellery.

Under c rtain conditions, activ ties in a range o other fields may be barred to alien participation. These include:

- beer brewing, boat building, construction industries, cosmetics, supermarkets, distribution of machines and equipment and of motor vehicles, furniture making, manufacture of bicycles, cement, paints and varnishes, wire nails, bolts, nuts, etc., shipping, travel agencies and wholesale distribution.

The above lists are not complete but are given for purposes of illustration. It may be seen that a very wide range of activities is provided for.

A drive through the industrial suburbs of Lagos shows that many well-known British and West European firms have established plants there. The two or three firms in this class which were visited in the course of the study all had up to date machinery and equipment, often highly capital intensive, were organised and managed on modern lines and had three or four expatriates among the top executives, especially in technical positions. Personnel policies and practices appeared to be at good European standards.

A second class, rapidly increasing, is made up of firms set up by Nigerian merchants, generally to manufacture goods which they have previously imported. It appears that the Hausa people, traditionally great traders, are among the most enterprising in this area. It was not possible in the time available to visit a fair sample of firms in this category.. The only one seen was at Kano, a textile mill employing 700 workers, which was modern in all respects and seemed to be well managed. (See Appendix II.)

The third class is that of the small industrialists, exemplified by those seen at Yaba and at Enugu.[1] These are either skilled workers or craftsmen who leave their employers to start up on their own or small traders and retailers who, in their way, represent a very important entrepreneurial element in the country and of whom a high proportion are women.

In 1972 there were estimated to be one million small businesses in Nigeria employing 3.2 million people.[2] Of these, nearly 60,000 were factory type enterprises employing 200,000 workers and constituting the core of the small-scale industry sector. Small industries which call for manual but not a high degree of managerial skills are eminently suitable as a road to industrialisation under Nigerian conditions at this stage.

The importance of small industries as a component of the national industrial development programme has been officially recognised, among other actions to promote Nigerian small firms being the provisions of the Decree discussed above. The basic objectives of the programme are:

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[1] The definition of "small industry" given to the consultant was "a firm employing from 1 to 25 workers, the cost of whose machinery and equipment only is not more than 150,000 naira." This was formerly 60,000 naira.

[2] Information in this matter has been mainly drawn from a project proposal drawn up by Mr. D. Basu, UNIDO expert attached to the Ministry of Industry.

- creation of substantial employment opportunities;

- mobilisation of local resources in capital and skill;

- dispersal of industries, especially in rural areas, to reduce migration to the cities, and

- development of Nigerian entrepreneurship.

The programme covers all States in the country. The tools of the Government consist of:

- Industrial Development Centres, (IDCs), providing technical and managerial services and training to small industrialists;

- Small Scale Industries Credit Schemes, (SSICs), for giving financial assistance, mainly long term loans, to existing and prospective small industries.

Two Industrial Development Centres - one at Zaria for the northern States and the other at Owerri for the eastern States - are now fully operational. They provide technical and managerial extension services and central workshop facilities for the manufacture of tools and for machine repair. Small Industries Credit Schemes have been set up in all States. A third IDC is being set up at Oshogbo to service small industries in Lagos, Mid-West, Western and Kwara States. This is currently receiving short term UNDP aid and a more extended project is under consideration. When fully developed, Oshogbo will have, in addition to the other central services, services in industrial design, tooling manufacture and prototype construction, which it will render to the other IDCs.

The institutional structure of IDCs and SSICs has already been embarked upon. At the Federal level, The Ministry of Industries has set up a Small Industries Division to monitor the programme throughout the country. In each State Ministry of Trade and Industry, a separate Small Industry Division has been created to deal with loans and other matters connected with small industry promotion in the State. A National Advisory Committee on Small Industry Development has been set up, composed of representatives of State and Federal Governments, Chambers of Commerce and Industry, universities with industrial research units, investment promotion agencies and the institutional financing sector, to coordinate action and ensure the smooth functioning of the programme.

The Federal Government also proposes to set up one model industrial estate in each State. Discussions have already taken place with the World Bank with a view to obtaining long term financing and technical assistance, but the project appears to be in abeyance at present at the wish of the Government.

The emphasis at Oshogbo will be on setting up non-traditional industries of a mechanised or semi-mechanised type. Nigeria has a large number of technical schools providing basic technical training to British City and Guilds standards, but thereafter there is a great need for technical upgrading in the use and maintenance of modern production equipment and modern production techniques. The small firms to be further developed or promoted are expected to meet a large part of the increasing demand

for relatively sophisticated consumer goods and to act as sub-contractors to larger firms. It is also intended that the traditional sector will receive aid in improving its production methods and introducing more mechanisation.

Identification and motivation of entrepreneurship for setting up small enterprises is also an important part of the Government's programme. Oshogbo will be expected to organise seminars, open house discussions, trade fairs and exhibitions to stimulate entrepreneurship and attract progressivebusinessmen to set up manufacturing units in different parts of the country. A final feature of the programme is the protection of small industries against undue competition from large scale units through common production programmes.

II. INDUSTRIALISATION AND INDUSTRIAL ESTATES IN LAGOS, KANO AND ANAMBRA STATES

1. Lagos State

Lagos State, lying on the mainland behind the Federal Capital, is the most industrialised State in Nigeria. Greater Lagos is the biggest market both in terms of concentration of population and of wealth. Lagos State contains six large industrial areas with three others in Lagos itself, the largest of the latter being at Apapa, close to the main docks. Apapa, however, is already overcrowded and firms are moving out into the new areas in the State. There is, in addition, a small industrial estate at Yaba in the State. As noted in the Introduction, since the civil war and the boom arising out of the oil prices, this region has grown so fast that traffic and communications have been very seriously impeded and the movement of workers between their homes and places of employment has become a major problem, imposing intolerably long hours and physical strain on them with resultant effects on their employers. The carriage of goods has also become very difficult. The two main roads leading from the docks and from the city centre are so congested that between seven in the morning and late at night it may take up to four hours to cover 25 kilometres. The single narrow gauge railway leading from the city is quite unable to cope with the local traffic and there are few suburban trains.

The Government is pressing forward as fast as possible with a programme of expressway building which should go far to relieve the congestion and which should be completed in its present phase some time in 1977, but it may by then prove inadequate for the ever-increasing number of motor vehicles, especially private cars, coming on to the roads.

Virtually all the major industry in Lagos State has been zoned into industrial areas, which, with the exception of the Yaba Industrial Estate, are managed by the Lagos State Development and Property Corporation, (LSDPC), a public body. According to the figures given by the LSDPC there are over 300 firms in the areas under its management, most of which are joint ventures with major foreign firms. This is the modern, large and medium industry sector. The figure takes no account of the vast number of small workshops and service industries which may be seen along all the main roads.

Although the population of Lagos State was originally composed mainly of the Yoruba people, it has attracted people from all over the country. A strong entrepreneurial spirit is evident everywhere. Small commerce, including the myriad roadside stalls, is mainly in the hands of women, some of whom have now moved into the manufacturing sector and show great managerial competence. They represent a dynamic element in Nigerian business which should not be neglected. This entrepreneurial spirit needs to be disciplined and canalised if it is to realise its full potential and adapt to modern commercial conditions and industrial techniques. Once it has - and this make take quite a long time - there seems to be nothing to prevent industry from developing very fast in Nigerian hands.

(a) Yaba Industrial Estate

Details of the Yaba Estate are given in Appendix II It is a unit of the Lagos State Ministry of Trade, Industry and Cooperatives. It started operation in 1958 and was set up because the Federal Government had built a housing estate near Yaba and decided to try and provide work for some of the people there near their homes. The original intention was that the estate should be a nursery for small firms, where they would have the facilities necessary to enable them to grow from artisanal beginnings to the point where they could stand on their own feet as industrial enterprises. They would then be expected to leave the estate and find larger premises on their own. To this end a site of 1.75 hectares was developed with standard buildings, administrative offices and central workshops.

In theory the firms were supposed to move out after five years on the estate, the principle being that by that time they would either have achieved the growth necessary to enable them to do so or failed. In either case, it was felt thatthey should make room for another "fledgling". Predictably, this has not worked in practice. Some firms have failed, been unable to pay their modest rents, and have been evicted. Others have flourished - one of those visited was employing more than 100 workers - but have refused to move out. One or two have even set up second plants outside but retained their workshops on the estate.

Clearly the rule is very difficult to enforce. On the estate a firm is paying a comparatively low rent and enjoying many facilities, including the upkeep and repair of its premises at nominal charges, which it would not have if it were out on its own site. Unless its business had increased very substantially during its period on the estate, certainly the case with regard to the firm mentioned above, but not to the same extent with other firms, a move out with the need to purchase or rent land and probably build a new factory might prove a major setback. It would seem that, if such a policy is to be pursued with regard to small firms, some kind of second stage estate should be established with larger premises and higher rents and, perhaps, less in the way of central services.

There are at present 21 firms on the estate ranging in size from 2 to 110 employees. The total numbers employed seem to be about 400. The central workshops are very well equipped with machine tools and woodworking machinery. They undertake the maintenance and repair of the premises at nominal cost, as well as adaptation to individual firms' requirements, but it was not made clear whether or not they also made jigs and tools and provided other production services to firms on the estate. They do, however, undertake production contracts for outside firms. The total administrative, technical and manual workforce in the estate administration numbers 69, which seems rather heavy for such a small estate. Yaba Estate cannot expand on its present site but it is understood that a second estate of a similar type is being developed.

Broadly speaking, Yaba must be rated a success. It has to be remembered that it was a pilot estate; no doubt the lessons learned there will be used to improve the performance of the second estate. The major weakness seems to lie in the time which it has taken to follow it up with another, since there would seem to be a tremendous demand for estates of kind in the Lagos area, especially where there are housing estates. It also seems that, on nursery estates of this type, quite intensive technical and managerial assistance must be afforded to most of the firms on them, which has not been the case here.

(b) The industrial Areas of the Lagos State Development and Property Corporati n

The Lagos State Development and Property Corporation, (LSDPC), was formed in 1972 by a merger of the Lagos Executive Development Board, the Ikeja Planning Authority and the Epe Town Planning Authority.[1] It was set up primarily to continue the work of the previous units in clearing away slums in Central Lagos and redeveloping the areas and to provide residential and housing estates to rehouse those evicted.[2]

The Corporation entered into industrial property development and the ownership of industrial areas for the same reason as the Yaba Estate was built, namely, to bring the workplaces to the workers and thus avoid lengthy and arduous travel.

In 1963 the Ikeja Planning Authority built its first housing estate at Ilupeju, about seven miles out of Central Lagos on one of the main roads. It was then decided to try to attract industry there. To this end in 1965, about 200 hectares were acquired from a strip of land of about 2,000 hectares which the Lagos Corporation had purchased from the West Nigerian Government in 1958. Here the Oshodi Industrial Area was created. In the years following, further combined industrial, residential and housing estates were developed. They are:

		No. of Plants
1.	Oshodi	50
2.	Ilupeju	61
3.	Matori	43
4.	Isolo/Ilasamaja	57
5.	Gbagada	18
6.	Ogba	70[3]

In the 195 s the Lagos Executive Development Board had already set up the Apapa Industrial Area near the docks. This and two other industrial areas established by LEDB were passed to the LSDPC for management. The Apapa Area is said to contain 60 plants; the numbers of firms on the other two areas, Iganje and Amuwo-Odofin, are not known.[4]

The areas have been laid out in plots which vary in area from half a hectare to five hectares, with the exception of one much larger plot. Leases are from25 to 99 years and rents vary from 800 to 5,000 naira per annum, ($ 1,280 to $ 8,000). depending on the date of allocation, those allocated earlier being the cheaper. Most of the factories installed in these areas are medium to large; the rents would therefore appear tp be rather cheap.

At the time the areas were set up there was a reluctance to join them on the part of industrialists, mainly on the grounds that they were some way out of the city and away from the docks and markets where the raw material came in and the finished products were sold. However, the very cramped

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1 Much of the information on the LSDPC has been taken from LSDPC: Annual Report and Accounts as at 21 March, 1973.

2 "Residential estates" are those on which plots of land are sold or leased on long term leases to persons wishing to construct their own homes to plans approved by the Corporation. "Housing estates" are those on which dwellings, mainly apartment blocks, are rented to tenants.

3 This may be the figure for sites reserved. Not more than twenty factories appear to have been built as yet.

4 Owing to a car breakdown on the last day, it was impossible to collect data which was to have been prepared by the Chief Estates Officer of the LSDPC.

conditions in the city and, later, in the Apapa Area, coupled with the slum clearance scheme, which took away their premises, forced many small and medium sized firms to look for other premises. The Nigerian Enterprises Promotion Decree discussed earlier forced foreigners in retail and other restricted businesses to go into manufacturing or leave the country. Finally, the influx of major foreign manufacturers brought about by the oil boom and the lack of alternative sites brought a large number of additional plants into the areas.

Three industrial areas were visited, Oshodi, the oldest, Matori, also fairly old, and Ogba, at present under development. The consultant also had occasion to drive through the Ilupeju area several times. A few factories, both foreign joint ventures and Nigerian owned, were visited and the views of the managements obtained. The conditions in the three areas are substantially the same. They are summarised below and given in greater detail in Appendix II.

All three areas are provided with metalled roads, some of which have become part of the public road system. Electricity has been brought to the areas and is available on all sites. In no area is there mains water; firms have to dig their own boreholes. Fortunately the supply is plentiful. Except at Matori there are neither rainwater drains nor sewers; septic tank drainage is the norm. There is little or no street lighting and no telephone line appears to have been brought in by the Corporation. Firms have to make their own arrangements; at present telephones are almost impossible to obtain. In the Matori Area, which is rather more urbanised than the other two, very unfavourable comment was made about the absence of garbage collection.

None of the areas has administrative offices. Administration, which essentially seems to mean the allocation of plots and the collection of rents and, possibly, maintenance of roads, is done from the Head Office of the Corporation. At Ogba, where a large housing estate is being built as well as some warehouses belonging to the LSDPC, there is an officer in charge, but he was not there at the time of the visit.

The areas are too large and, at least in the case of Ogba, the buildings are too dispersed to allow them to be all enclosed within one compound and have a controlled entrance. Each plant has its own fencing and its own gatekeepers and security guards. These are virtually helpless against robberies of the type which occurred at two factories in the Ogba Area recently, when gangs of armed robbers turned up with motor lorries, closed off the roads and virtually cleaned up the plants of their finished products, (perfumes) and raw materials, (cement and other builders supplies).

It will be clear from the foregoing that these areas simply represent industrial zones in which there is little or no servicing of the firms in them. Most of the industrialists with whom the matter was discussed said that they had elected to move on to them mainly because they were the only sites available with reasonable access to the main roads and, in one case, to the airport. The low rents were of minor importance to the larger firms.

All the areas visited had adjacent housing estates and residential areas. These latter are important for housing executives and other key personnel, since housing in Lagos is very expensive and almost unobtainable. In any case, the travel involved would make it very difficult for, say, a production executive required to work longhours in getting a process into operation, to do his job effectively. Not all the estates have accommodation available for workers within the areas. At Ogba two managers complained that the newly erected apartments were being used to rehouse people from slum clearances in Lagos and that their own workers had to travel long distances. Most of the firms seem to run their own bus services to collecting points around the city and suburbs, but there is no collective action, as far as could be ascertained.

There does not appear to be any collective action on the part of the tenants vis-a-vis the LSDPC, whose role appears to be simply that of ground landlord responsible for the upkeep of the amenities, mainly roads, and of the housing estates. It is not one of the stated aims of the Corporation to encourage industry, except in as far as it forms part of a broad plan to evacuate it from Lagos City and put it as near as possible to the tenants on the housing estates. To that extent the industrial area represent an orientation of policy which has not so far been met with in any of the previous studies.

(c) Kano and its Industrial Areas

Kano is a city of nearly 400,000 people and the capital of Kano State. Most of the industry in the State is concentrated in the city itself. A list furnished by the State Ministry of Trade, Industry and Cooperatives gives the major industries as of 1 April, 1976, as the following:

TABLE 1

Industrial Firms in Kano State

Branch of Industry	No. of Firms	Employees Nigerian	Employees Expatriate
Iron, steel and metal transforming	23	4,148	95
Wood and furniture	9	995	15
Textiles	16	3,977	67
Hides, skins, leather	13	1,776	33
Plastic and chemicals	12	1,316	23
Food and vegetable oils	15	3,912	49
Sweets and confectionery	9	1,680	30
Beer and soft drinks	2	405	5
Perfumes and cosmetics	6	495	10
Suitcases and cartons	3	258	7
Candles and soap	6	292	10
Tiles and concrete blocks	6	242	6
Other industries	7	215	6
TOTALS	127	19,711	405

Most of the firms in the iron and steel group are producing domestic and school furniture and household utensils; only about nine appear to be in the engineering sector and some of those are more in fabrication. The plastic and chemicals group includes match manufacture and plastic sandals, otherwise it is made up of domestic articles and furnishings. Only three of the firms in the first group are 100 per cent Nigerian owned; in most cases the share is about 40 per cent. In the wood based industries, six out of the nine are fully Nigerian. The percentage varies in the other groups; surprisingly, it is not especially high in the more "traditional" sectors. No records were readily available of small industries.

There are two industrial areas in Kano. The Bompai area is really an industrial zone in the general town plan. It has existed since 1940. Electricity, water and drainage are available. The land is Government owned and let at very low rents to industry. There are no administrative offices; rents are paid direct to the Ministry of Works. There are no central services. Access to public roads is direct; there are rail facilities. Some of the workers are house in private housing nearby, but travel in Kano is not, as in Lagos, a major problem. There are said to be 130 firms in the area, but as this exceeds the total given for Kano State, some of them must be very small and not included in the list.

A second area is being developed on the opposite side of the city, the Sharada Industrial area. Only a few firms have been established there as yet. It seems to have the same general characteristics as the Bompai area and is attracting firms from the old city, where conditions are intolerably cramped and where most of the small industry is located.

Visits were paid to three firms in the areas. They are briefly reported in Appendix II. In general, the Kano Industrial Areas have little of interest for this study.

(d) Enugu and the Industrial Estate

Enugu, a town of about 200,000 inhabitants, is the capital of Anambra State, which, with Imo State, is one of two created from the former East-Central State. It lies to the east of the River Niger some 200 kilometres north of Port Harcourt, (see Figure 1), the major oil shipping port. The State lies in the region of tropical rain forests, but Enugu itself seems to be out of the main forest belt.

The population is predominantly Ibo and the area, although not so much the town, was heavily fought over in the civil war. The State in the neighbourhood of Enugu has many industrial raw materials including coal and iron ore, fireclay and ball clay, silica sand, limestone , marble and natural gas.[1] There are a variety of hardwoods suitable for industrial use. Major agricultural crops include cassava, the staple food of much of the population and the basis of cassava starch, flour and garri. Palm kernels and oil, sugar cane, rice, maize, ground nuts, bananas, cocoa and rubber are among the other products of the State.

In and around Enugu are coal mines, a steel rolling mill, asbestos cement, furniture manufacture, bakeries and a livestock feed mill. There are many small and artisan industries in and around the town.

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[1] Information extracted from the brochure Investment Opportunities in East-Central State, published by the former East-Central State Ministry of Industries.

In common with most other important centres in Nigeria, Enugu has a technical school where boys from the age of 16 are trained in metal-working, woodworking, foundry work and other trades to British City and Guilds standards. The school can take some 650 boys, most of whom are boarders, since they come from the surrounding country. Last year it tried to take over 900 but found its facilities overwhelmed and has been forced to cut back. The workshop facilities seem reasonably good and the school ensures a workforce with a solid basic training on which it is possible to build.

The Enugu Industrial Estate lies on the edge of the town. It occupies 1.8 hectares. There are 15 firms on it at present. It is run by a Government company, incorporated in 1964. Building started in 1965 and was completed in 1966. There are at present three blocks of standard buildings, one of which is used for offices. A central workshop, run by a private contractor, does work for firms on the estate. There are no workers' houses.

There is said to be great competition to enter the estate, which may well be true in view of the conditions seen in the town. Rents are at present 60 naira per month for the smaller workshops and 100 naira for the larger ones. Most of the firms which have been on the estate for some years have expanded, but one at least was seen which was operating at reduced capacity and was paying wages far below the Government minimum. Although there is a trade union movement in Nigeria, there was no trade unionism on the estate.

There is little to be said about the Enugu Estate. It appears to be operating satisfactorily and provides employment for 244 persons, including seven on the administrative staff. It does not seem to have acted as a stimulus to development for the firms on it, nor does it seem to have stimulated the development of any other estates. There is no indication of much cooperation among the firms. One reason for this may be the variety of industries on the estate; since they are not generally complementary and can have little occasion to cooperate technically or commercially. This factor, which was also to be seen on the Yaba Estate, raises the question of whether organisations wishing to use estates for the promotion and development of industry, should not play a more active role both in deciding what industries should go on to the estates and what individual firms should be accepted. A place on an industrial estate of this type is quite heavily subsidised and the subsidising agency, especially when dealing with public money, which is usually the case, has the right and the duty to see that this money is used as effectively as possible in pursuit of the stated objectives.

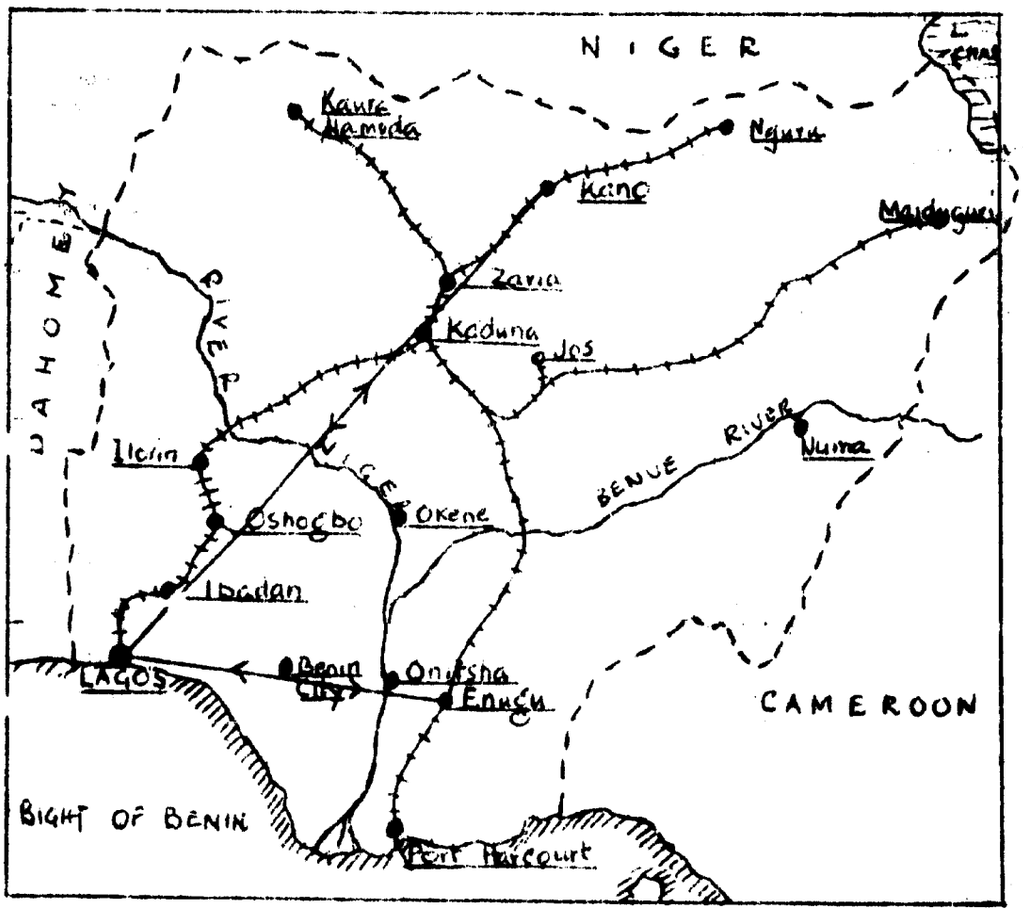
4. Brief Notes on the Nigerian Centre for Management Development

Although not directly related to the objectives of the study, a short visit was paid to the Nigerian Centre for Management Development, near the Ilupeju Industrial Area.

This organisation was established about four years ago, provides management training at post-experience levels for industrial executives and people entering the management field. It has branches in some provincial towns. It is currently receiving technical cooperation from the ILO. Most of its programmes are more suitable for larger and medium sized enteprises, but the Director would be perfectly willing to put on special programmes fro small entrepreneurs if the demand were there. These could be done in conjunction with the programme of new industrial estates, when this gets under way. The Centre has an extensive library, meeting rooms and a high level staff of national trainers and specilaists.

FIGURE 1

Sketch Map of Nigeria



Railways

Consultant's Journeys

APPENDIX 1

PRINCIPAL ORGANISATIONS VISITED AND PERSONS CONTACTED

Federal Ministry of Economic Development

Head of the Development Aid Section	Dr. J.A.Nwogwugwu

Federal Ministry of Trade, Industry and Cooperatives

Director, Small Scale Industries Division	Mr. F.J.Onoko
Director, " " " " (Elect)	Mr. D.O.Cyegun

Lagos State Ministry of Trade, Industry and Cooperatives

Senior Industrial Officer	Mr. R.A.Baruwa
Industrial Officer	Mr. P.A.David
Director - Yaba Industrial Estate	Mr. Uluwole Akinosho

Lagos State Development and Property Corporation

General Manager	Mr. G.B.Jinadu
Chief Estates Officer	Mr. A.A.Odumyeri

Kano State Ministry of Trade, Industry and Cooperatives

Senior Trade Officer	Mr. S.A.Daura
Trade Officer	Mr. A.N.Zubair
Trade Officer	Mr. Y.S.Ringim

Anambra State Ministry of Trade, Industry, Cooperatives and Transport

Commissioner	Dr. D. Chigbo
Permanent Secretary	Mr. V.N.Muoneke
Officer in Charge, SSI Unit	Mr. F.E.Agazie
Manager, Enugu Industrial Estate	Mr. M.C.Uba

Nigerian Centre for Management Development

Director General	Dr. S.G.Odia

United Nations

UNDP - Resident Representative	Mr. Kurt Jannsen
- Assistant Resident Representative	Mr. William Dickens
UNIDO - Senior Industrial Development Field Adviser	Mr. Vincente Lavides, Jr.
- Expert	Mr. D. Basu
- Expert	Mr. S. Nagarajan

In the course of the visits many officials and industrialists were met. All contributed in one way and another to the information acquired.

INDUSTRIAL ESTATES STUDY

ESTATE REPORT

COUNTRY NIGERIA REPORT NO. A.1

I. BASIC DATA

1. REGION Lagos State 2. CITY Lagos (Greater) 3. POPULATION 2,000,000 est.

4. ESTATE Yaba 5. OWNERSHIP Lagos State 6. EXECUTING AGENCY See text

7. PHYSICAL DATA

Areas	Planned	Completed
Industrial Buildings (m^2)		NA
Admin. & Service Buildings (m^2)		NA
Roads & Access (m^2)		NA
Green Area (m^2)		None
Total Site Area (m^2)		11,300

Industrial Buildings (incl. Open Areas) or Plots

Category	Unit Area (m^2)	No. Planned	No. Completed	No. Occupied
A	182	6	6	6
B	243	8	8	8
C	255	1	1	1
D	303	7	7	7
E	404	1	1	1
F	486	20	20	20
G				
Totals		43	43	43+

8. INDUSTRIES REPRESENTED (Nos. of Firms)

Industry Group	No.	Industry Group	No.
Light engineering	1		
Printing	2		
Woodworking	2		
Sheet metal	1		
Wood carving	1		
Electronics	1		
Garment mfg.	4		
Metal windows	1		
Candles	1		
Car badges	1		
Car number plates	1		
Brake linings	1		
Tyre retreads	1		
Lamp standards	1		
Signwriting	1		
Other	1		
Total	21		

9. SERVICES & COMMON FACILITIES + Some companies have two or three units

Services		Transport		Admin. Bldgs		Amenities				Social Services	
lectricity	x	Internal Crane	x	Confer. Hall	-	First Aid	x	Bank	-	Bathouse	-
as	-	External		Exhibition	-	Doctor	-	Restaurant	-	School	-
ater	x	Rail	-	Tech. Library	p	Fire Brigade	-	Canteen	x	Creche	-
eating/Steam	-	Road	x	Classrooms	-	Police Post	x	Shops	-	Social Centre	-
ewage	x	Water	-	Cent. Workshop	x	Warehouse	-	Barber	-	Sports Ground	-
oads	x	Buses	x	Tech. Officer (Admin.)	x					Housing	-

10. FINANCIAL DATA (Local Currency)

Capital Outlay	Allocated	Spent
Land Provided by Federal Ministry of Industry		
Infrastructure		NA
Industrial Buildings		NA
Common Facilities		NA
Social Services		NA
Total		-
Government Credits		
International Funds		

11. PROGRESS IN IMPLEMENTATION

	Planned Date	Actual Date
Initial Action to Establish		NA
Official Credits approved		-
Land purchased		-
Infrastructure completed		-
Industrial Buildings started		1957
" " completed		1958
Amenities completed		1958
Social Services completed		-

Payment for Occupancy Admin. and central services staff: 69

Rental Rents at 1969 levels; due for financial review. 3 Units - 104 naira per month
1 Unit - 50 " " "

Purchase - Initial Payment
Period of Repayment

Credit Facilities

II. ECONOMIC PERFORMANCE

12. MEMBERSHIP OF ESTATE

	Number	%
Established local Firms	20	
" Firms from other Cities	-	
Newly established Firms	1	
Foreign Firms	-	
Joint Ventures	-	

13. ESTIMATED SALES (Local Currency)

	Before Entry	Current	% Inc.
All Firms NA			
Sample 1.			
" 2.			
" 3.			
" 4.			

14. PERSONS ENGAGED (Employment) (Estimated)

	Before Entry	Current	% Inc
All Firms		400 est	
Sample 1.	30	110	
" 2.	4	13	
" 3.	-	5	
" 4. At peak	30	13	

15. LEFT ESTATE

	Number
Business failure+	Some
Relocated to larger Premises*	None
Death	-

+Inability to pay rents
*Some thinking about it.

16. INTRA-ESTATE CONTRACTING

Printers do work for firms on the estate

17. NEW EXTERNAL SUB-CONTRACTING

NA

18. NEW PRODUCTS DEVELOPED

NA

19. USE OF LOCAL MATERIALS

NA

20. NEW MARKETS ENTERED

NA

21. EXPORTS DEVELOPED

Wood carvings - See visit report.

III. SOCIAL DEVELOPMENTS

23. AVERAGE EARNINGS (Local Currency)- Per Month)

	Before Entry	Current	% Inc.
Semi-Unskilled Manual (Garments)	NA	50	
Skilled " Craftsmen	NA	90	
Technicians		NA	
Non-manual		NA	
Supervisors		NA	

23. LABOUR UNION MEMBERSHIP

Number of Union Members	Before	Current
None. There has been one strike.		

Employer Attitudes to Union Membership
Hostile

24. WORKERS' HOUSING

Number of Housing Units	Before	Current
	-	-

25. EDUCATION, TRAINING, EMPLOYER COUNSELLING

	Period	Number of Courses	Numbers Trained
Basic Literacy			
General Education			
Manual Skill Upgrading	Local technical college		
Specialist Training	Local technical college		
Technician "	Local technical college		
Management "			
Technical Counselling			
Management Counselling			

26. COMMUNITY BENEFITS

Secondary/Tertiary Activities Promoted

None

Improved Roads, public Services, etc.

None

Increased local Prosperity
Jobs supplied to local residents

APP.II

A.1. Some Notes on the Yaba Industrial Estate

The Yaba Industrial Estate lies about ten miles outside Lagos. It started operation in 1958 in order to provide some work for residents in a newly constructed housing estate and was intended as a nursery for small industries. The original idea was that they should profit from the accommodation at low rentals and the other facilities of the estate to build up their businesses and that in five years they would either have succeeded, in which case they would be in a position to move out to large premises which they would be able to finance themselves or would have failed, in which case they would have to leave anyway. In the event this policy failed. The successful firms have remained on the estate; some have been there since the beginning. There have been a few failures and inability to pay their rents; these have been evicted. One of the firms visited was in poor shape and might well have to go. All those who left have been replaced and there is a waiting list.

There are 43 units of accommodation on the estate, but several firms are occupying two and even three units. Some of the more successful ones have started up operations in other premises, but none has yet given up his place at Yaba.

The estate consists of standard industrial buildings with all the usual services, which occupy two sides and part of a third, forming a kind of courtyard. Another group of workshops is set in the middle and on the fourth side are the administrative offices and the central workshops.

The estate is administered by the Lagos State Ministry of Trade, Industry and Cooperatives. It has central workshops equipped with modern metal-working and woodworking machinery which are used, as far as could be gathered primarily for the maintenance of the buildings and facilities. It was not made clear whether any work, such as toolmaking, was done for firms on the estate, but the shops did undertake production contracts for outside firms. The total staff of the administration, including the central workshops, was 69. With this overhead it seems that the estate must be operating at a loss.

The fact that the firms occupying the estate are very heterogeneous has meant that there can be little intra-estate contracting. It was said that the printing firm received contracts from other firms on the estate.

None of the firms in unionised and employer attitudes are hostile. There was a strike at one of the firms, but this has been settled. Earnings seem to vary between firms. The national minimum monthly wage is now supposed to be 60 naira. In the garment making firm the daily wage was said to amount to 2 naira, giving roughly 50 naira a month, but most of the workers were women. At the firm carving statues and heads from wood the daily take home was about 3 naira minimum, monthly earnings said to be 90 naira, but these were highly skilled craftsmen and artists.

Working conditions were generally rather poor - the buildings were not in very good condition and in some places lighting was poor. Safety, on the other hand, seemed quite good, possibly because the factory inspectors pay a good deal attention to the estate.

Firms visited

Printing - One of the earliest tenants on the estate, this firm is one which is currently in difficulties. At one time it employed 30 people, at present only 13 are employed. The firm started with two machines, now has five but none was in operation at the time of the visit and only some desultory typesetting was taking place. The cause of the decline is said to be that the owner has various other interests for which he neglects this firm.

Wax Candles - Entered the estate in 1975 and has already greatly expanded production. Employs five people in a rather artisanal process.

Wood Carving - This company was started by four craftsmen from Benin State and produces traditional wood carvings in the Benin style. Heads and entire figures are carved out of solid wood with great skill and very rapidly. 13 are now employed. The workers earn 90 naira per month minimum. a statue selling at 60 naira takes one weeks work to carve, representing a labour cost of about 22 naira. The firm has considerable export orders from the United States and West Germany and recently shipped 14,000 units to the latter country.

Garment Making - This firm, which is owned and managed by a woman, came to the estate in 1965 with 30 workers. It now employs 140 and occupies three units. The owner proposes to move out in order to expand further, but does not seem to have any firm plans. The workers are mainly women and girls, but men are employed on the same jobs, machining and cutting.

Working conditions are cramped but tolerable. Earnings amount to about 2 naira per day, below the national minimum.

Tyre Retreading - A small firm employing 8, which had recently come to the estate. The major problem was irregularities in the electricity supply; if this went off for more than a few minutes while a tyre was "cooking", the whole tyre was scrap. In the absence of a central standby generator, the owner was trying to buy one.

Conclusions

Although the original policies have not been rigidly adhered to, the Yaba estate seems broadly to have achieved its objectives both in providing a certain number of jobs to local residents and enabling small firms to develop. It has to be asked, however, whether more could not be done in this respect. The central workshops do not seem to have provided any real service to the firms in terms of aiding with their production problems or, for example, providing central tool and diemaking services. Some assistance to some of the firms in accounting and costing would probably have been very helpful.

It is quite impossible to make any kind of cost-benefit assessment, since the costs of establishing the estate have long since disappeared into the archives. Taking the average staff pay as the legal minimum paid to civil servants, the administrative staff costs alone are 4140 naira per month and that is certainly too low. It takes no account of materials used in upkeep of the buildings, etc., nor of light, power and other overheads. Rents were quoted at 50 naira per month for one unit and 104 naira per month for the 3 unit factory, which in the case of the latter is a hand-out. Even if 50 naira a month be taken as the rent for each of the 43 units, the revenue from rentals only comes to 2150 naira per month and the estate is thus heavily subsidised. However, in terms of social investment, the balance may be more positive, but the estate has so far bred no others, although it is understood that a second estate is now being set up. There seems to be a very great deal of scope for similar estates in the Lagos area, associated, as is this one, with residential estates, but they will have to benefit from the mistakes made here and be run very much more economically.

A.2. Some Notes on the Oshodi Industrial Area

The Oshodi Industrial Area is the oldest of the industrial areas established by the former Ikaja Planning Authority to provide work for the residents on the housing estate there. The area was set up after 190 hectares of land had been purchased from the West Nigerian Government to set up the mixed residential/industrial zone. The scheme was required to pay for itself. The scheme is considered by the Lagos State Development and Property Corporation to have been successful and is paying its way.

Only roads and electricity are provided by the Corporation. Firms have to dig their own wells and obtain ther own telephone connections. There is no drainage. The area lies along a recently constructed ring road and will thus have in the future very good access to the city and docks, but this was not so when it was constructed. The plots are quite large and buildings generally occupy only a small part of them. Individual plants are fenced around with solid fences and maintain their own security guards, adequate for isolated thieves but useless against any concerted effort to break in.

Most of the firms in the area are fairly large and foreign joint-ventures, but there are a few Nigerian firms. One Nigerial and one foreign firm were visited.

Steel windows and Doors (Nigerian) - This firm was started in the area in 1970 and has expanded steadily. It now occupies just under a hectare and employs 100 workers. The owners were originally merchants who decided to go into manufacturing for themselves, in view of the building boom. Working conditions were average. The workers are drawn from the local housing estate.

Aluminium Extrusion, Anodising and Remelt - This is a joint- venture between Swiss aluminium interests, Nigerian and Swiss banking firms and the World Bank. It springs out of an existing plant at Apapa, where conditions have become too cramped and only started operation in 1975. The land has been leased on a 25 years lease. As elsewhere on the estate, only electricity has been supplied. The land had to be levelled and filled; a telephone line has been paid for, but there is as yet no telephone.

The plant is impeccably maintained and appears to be operating with high efficiency. 150 workers are employed, most of whom live on the local esate where there is a very high degree of under-employment, although few wholly unemployed. Although most of the labour had received basic technical education, it was found to be wholly insufficient to meet the sophisticated

technology of plant and associated equipment. Training is done in the plant and key workers have been sent to Switzerland for advanced training. Wages range from 66 naira to 200 naira per month. There are 10 expatriate staff. Conditions of employment and working conditions are excellent. The investment in the plant, which is producing extruded section, much of it for metal windows and doors and thus meeting a vital market for which material has been hitherto imported. The investment has been 3.5 million naira, equivalent to 23,333 naira, ($37,300) per post of employment.

Conclusions

In spite of the fact that the area offers few facilities for industrialists, it seems to have succeeded in its prime purpose of providing work for local residents. The fact that most of the firms on the estate are medium to large in size and foreign managed means that they can look after themselves as far as development is concerned.

A.2 Some Notes on the Ogba Industrial Area

The Ogba Industrial Area is said to have space for 70 plants but at present there are only a dozen or so. There are large spaces of uncleared land between the occupied sites. Some important firms have taken space in the area, including the Metal Box Company, Volkswagen distributors, Mandilas, (travel agency, car rental, removals), Record Company of Nigeria, Ltd., a n EMI/Decca joint venture and some large Nigerian companies. It has a good public road system, but in no sense is it an estate. It covers several hundred hectares; firms have their own fencing and security arrangements, which has not prevented two large scale robberies from taking place recently. Police patrols due make tours of the roads and it is hoped that, once there are sufficient factories in the area, a permanent police post will be erected. As with the other areas, there are no services other than electricity. There is no cooperation between the various occupiers. There are, however, some large warehouses in process of completion, which are under LSDPC control and are said to be for the use of tenants, but the official in charge was not available, so this cannot be confirmed.

A large housing estate is being constructed on part of the land; about 15 blocks of apartments are already occupied. It appears, however, that these are being used to rehouse people evicted in slum clearance schemes from Central Lagos and that they have not so far been made available for workers in the local factories.

Firms visited

Distillers -(Nigerian) - A wholly Nigerian owned firm founded in 1962 in Apapa producing gin, whicky and other distilled drinks. It moved out of Apapa for lack of space. It currently employs 200 workers and expects to double its numbers once it gets into full production. It can sell everything it can produce. It at present occupies rather more than one hectare and is trying to double the area. The manager hoped that main water and sewage facilities would one day be available. These would be paid for an a yearly basis.

The manager was very anxious to obtain local housing for his workers, especially the drivers, who have to work long hours and may live a long way away near the former plant. The cost of the local apartments are said to be

one bedroom and living room	11 naira per month
two bedrooms and living room	22 naira per month.

Take home pay ranges from about 70 naira to 200 naira per month, so that in the middle and upper range the rents would be quite acceptable. Some of the houses which are being built are for sale. The firm appears to be competently run and to have an enlightened personnel policy. The possibility of expansion will obviously benefit local residents.

Record Company - This company is at present 40 per cent Nigerian owned. It was originally set up in Apapa in very cramped premises and has moved out only quite recently. It is still in process of completion and much equipment remains to be installed. The company does not make recordings itself but coverts recordings made by other companies, groups or individual artists into records and cassettes and has facilities for completing the process, including printing and making up the record sleeves and packing. The market is a huge one and the demand exceeds the supply.

The company examined many sites before deciding to come to Ogba. The deciding factor was proximity to the airport since both raw material supplies and finished products are borne by air. The present site occupies just over one hectare, for which the firm pays 3,374 naira in rent and 8,000 niara in local taxes. There is borehole water, which is considered to be more reliable than mains water, and septic tank drainage. The present staff is 200, but this is expected to increase. Most of them at present live in Apapa; the firms runs its own transport, but the journey is still long and exhausting and its daily duration uncertain. They are being helped to move whenever they can get local accommodation; loans are being given to pay six months rent in advance. However, there are about 100,000 people chasing the comparatively few apartments in the area. For expatriate staff the firm has rented transit homes.

Conclusions

In the present situation the Ogba Industrial Area can hardly be said to fulfil its function of bringing work to the workers or of enabling the existing staffs to be located near their places of work. It would appear as if the LSDPC has little interest in promoting its industrial areas and is concentrating all its efforts on the, admittedly very necessary, housing. If firms do move on to the areas, it is because the Corporation has managed to pick up most of the most suitable land in the neighbourhood, Eventually the growth of the firms will provide work for some local residents.

A.4 Notes on the Maturi Industrial Area

The Maturi Industrial Area is one of the older and more urbanised of the LSDPC's areas. In appearance it is simply a series of factories standing in their own compounds or fenced areas lining some public roads and there is no indication that it is a formally installed industrial area. Industries in the area include paper, tyre retreading, a heavy vehicle depot, car sales, chemicals, electrical equipment, and a number of other light industries.

Firm visited

Tyre retreading - (Nigerian) - This is a new firm owned by Nigerians of Lebanese extraction. They are a trading company importing tyres for heavy motor vehicles and earthmoving equipment. The site was selected as being one of the few industrial plots available and convenient to the city. It had electricity at the time of moving in, (1972-73) and now has mains water. The firm at present employs 20 people but has plans for a major expansion but will need additional land.

One of the main reasons for entering into the retreading field was the immense expenditure in foreign exchange annually in heavy vehicle tyres, said to amount to 60,000,000 naira, ($ 96,000,000). A tyre on a heavy leveller may cost 2,000 naira and last anything from two weeks to a few months, depending on terrain and usage. So far the firm is only retreading lorry tyres but imports and sells the larger ones, but it is anxious to move into the wider field. There are problems in obtaining the finance necessary to extend the operations to this field, the amount of money required for new equipment falling between the commercial banks and the National Industrial Development Bank. This is in spite of the fact that the extended operation would be a major foreign exchange saver.

The manager complained about the lack of facilities on the area and the lack of support given by the LSDPC. He had applied for a telephone before entering the area in 1971 and had still been unable to get one. He would like to see proper rainwater drainage and sewers, properly maintained roads, ground levelled and prepared, proper cleaning of what drains there were, proper refuse collection and a central telex. He was quite prepared to pay for these services, which the individual firm just could not obtain.

A.5 Notes on the Industrial Areas at Kano

Kano is a city of about 400,000 inhabitants. It consists of the old city, traditionally one of the great centres of trade of the African continent, and the new town constructed by the British, where the Government offices, hotels, modern shopping centre, railway and bus stations. The old city is surrounded by a long, mud brick wall with gates at intervals. Most of the small industries are still in the city, where conditions are very cramped. The Government is planning industrial estates, for which the State will acquire the land but which will come under the control of the Federal Government as part of the nationwide scheme mentioned in the main text. There seem to be no problems in getting tenants, since many industrialists are eager to move. They range from small craftsmen to firms employing 15 to 20 workers.

For large and medium industries the city has two industrial areas. The Bompai Area was set up in 1940 and is now a prolongation of the new town. The factories line the public roads. All main services are available. There are about 130 factories in the area, some of them small. The area is administered by the Kano State Ministry of Works, to whom the rents are paid. There are no central services and no administrative offices on the sites Some private housing for workers is available nearby.

The Bompai Area is now full up and a second area has been started at Sharada, on the opposite side of the city. There are as yet comparatively few firms in the area. Conditions are essentially those obtaining on the Bompai Area.

Firms visited

Furniture manufacture - Bompai - This firm came to the Bompai Area in 1969. It doubled its employment in this seven years and now has 50 workers. It is expected that it will continue to increase its output. Wood and metal furniture are produced. Large contracts have been obtained for school furniture required to meet the new primary education drive, which aims at universal free education at primary level within the next few years. The working methods and conditions in the firm are very poor and the quality of the school furniture is very low. Desks and forms seen in storage were already falling apart, The firm was in urgent need of technical assistance in every area.

Textile Mill - Bompai

This mill was set up by a firm of textile merchants in 1970 and started operation in 1972. It spins and weaves synthetic fibre for suiting materials and employs 700 with five expatriates. It is entirely Nigerian owned.

It has every appearance of being very competently run. Executives are sent on courses at the Nigerian Management Centre and the Nigerian Institute of Management and all the workers have received training in the plant. The general manager said that there was great competition in the textile industry, of which the centre is Kaduna, in the neighbouring state, but that the synthetic fibre cloth market was still relatively unexploited and was the coming thing. The firm had moved on to the estate because the site was very convenient to the town and because private land could not be had at such low rentals.

The firm did not appear to have many amenties for the workers, even a canteen, but it was said that facilities for getting food in meal breaks were available outside the gates, mainly, it would seem, from roadside sellers.

Furniture Factory - Sharada - This factory, which had been established for 20 years in the old city, had only very recently moved out to the new area and the buildings were not complete, much of the furniture assembly being done in the open. The move out provided the increased space necessary for expansion, which had already gone from 16 to 70 workers, largely under the impetous of the school furniture programme. The land is rented on a 99 years leasehold agreement and is considered very cheap. Main services are available. There is no residential accommodation for workers in the immediate vicinity, but the plant is not very far from the city.

There was some good new machinery available and both production and quality seemed very much higher than the factory seen earlier.

Conclusions

The Kano Industrial Areas serve their purpose in providing prepared land for larger industries at reasonable rents but contribute little to industrial development, except by providing possibilities for expansion. The moves out into the areas have considerably increased employment, which is a major contribution but which most of the firms might have achieved had they bought their own land but perhaps not quite so quickly.

INDUSTRIAL ESTATES STUDY

ESTATE REPORT

COUNTRY NIGERIA REPORT NO. A.6

I. BASIC DATA

1. REGION Anambra 2. CITY Enugu 3. POPULATION 200,000 est.

4. ESTATE Enugu 5. OWNERSHIP Anambra State 6. EXECUTING AGENCY See text

7. PHYSICAL DATA

Areas	Planned (m²)	Actual (m²)
Industrial Buildings (m²)		
Admin. & Service Buildings (m²)		
Roads & Access (m²)		
Green Area (m²)		
Total Site Area (m²)		11,600

Industrial Buildings (incl. Open Areas) or Plots

Category	Unit Area (m²)	No. Planned	No. Completed	No. Occupied
A	485	-	9	9
B	729	-	3	3
C				
D				
E				
F				
G				
Totals			12	12*

8. INDUSTRIES RESPONSIBLE (No. of Firms)

Industry Group	No.	Industry Group	No.
Wood and Furn.	4		
Electronics	1		
Television	1		
Motor rewinding	1		
Engineering	2		
Retreads	1		
Other	5		

9. SERVICES & COMMON FACILITIES *Some premises are sub-divided.

Services		Transport		Admin. Bldgs		Amenities				Social Services	
Electricity	x	Internal	-	Confer. Hall	-	First Aid	x	Bank	-	Bathouse	-
Gas	-	External		Exhibition	-	Doctor	-	Restaurant	-	School	-
Water	x	Rail (nearby)	-	Tech. Library	-	Fire Brigade	-	Canteen	-	Creche	-
Heating/Steam	-	Road	x	Classrooms	-	Police Post+	x	Shops	-	Social Centre	-
Sewage	x	Water	-	Cent. Workshop	x	Warehouse	-	Barber	-	Sports Ground	-
Roads	x	Buses	x	(See text)		+Gatehouse				Housing	-

10. FINANCIAL DATA (Local Currency)

Capital Outlay	Allocated	Spent
Land		
Infrastructure		NA
Industrial Buildings		
Common Facilities		
Social Services		
Total Data not available		
Government Credits		
International Funds		

11. PROGRESS IN IMPLEMENTATION

	Planned Date	Actual Date
Initial Action to Establish		1964
Official Credits approved		1964
Land purchased		1964
Infrastructure completed		1965
Industrial Buildings started		1965
" " completed		1966
Amenities completed		1966
Social Services completed		-

Payment for Occupancy

Rental To be reviewed. Currently: Single Unit - 60 naira per month
Double Unit - 100 " " "

Purchase - Initial Payment
Period of Repayment

Credit Facilities

II. ECONOMIC PERFORMANCE

12. OWNERSHIP OF ESTATE

	Number	%
Established local Firms	Several	
" Firms from other Cities	1	
Newly established Firms	Several	
Foreign Firms	-	
Joint Ventures	-	

13. ESTIMATED SALES (Local Currency)

	Before Entry	Current	% Inc.
All Firms Not available			
Sample 1.			
" 2.			
" 3.			
" 4.			

14. PERSONS ENGAGED (Employment) (Estimated)

	Before Entry	Current	% Inc
All Firms		244	
Sample 1.			
" 2.			
" 3.			
" 4.			

15. LEFT ESTATE

	Number
Business failure	NA
Relocated to larger Premises	-
Death	-

16. INTRA-ESTATE CONTRACTING

A private contractor does general engineering work for firms on the estate.

17. NEW EXTERNAL SUB-CONTRACTING

NA

18. NEW PRODUCTS DEVELOPED

NA

19. USE OF LOCAL MATERIALS

Wood for furniture

20. NEW MARKETS ENTERED

NA

21. EXPORTS DEVELOPED

Some exporting of brushes and brush handles

III. SOCIAL DEVELOPMENTS

23. AVERAGE EARNINGS (Local Currency)- Per Month)

	Before Entry	Current	% Inc
Apprentices and semi skilled		17.50	
Unskilled Manual woodworking			
Skilled "		60	
Technicians		120	
Non-manual		-	
Supervisors		-	

22. LABOUR UNION MEMBERSHIP

Number of Union Members	Before	Current
None		

Employer Attitudes to Union Membership

NA

24. WORKERS' HOUSING

Number of Housing Units	Before	Current

25. EDUCATION, TRAINING, EMPLOYER COUNSELLING

	Period	Number of Courses	Numbers Trained
Basic Literacy			
General Education			
Manual Skill Upgrading	Local technical college		
Specialist Training	Local technical college		
Technician "	Local technical college		
Management "			
Technical Counselling			
Management Counselling			

26. COMMUNITY BENEFITS

Secondary/Tertiary Activities Promoted

None

Improved Roads, public Services, etc.

None

Increased local Prosperity

Minor

A.6 Noted on the Enugu Industrial Estate

Enugu is a town of 200,000 people with a few large and many small manufacturing firms. It was established in 1964; it is at present occupied by 15 firms, several of which were visited. Details are to be found on the Estate Report Form.

The estate is of an open courtyard type with two main industrial buildings and a central building which houses the administrative offices. All main services are available; individual firms have telex. There is a central workshop which is operated by a private contractor and which does work for firms on the estate. A glance at the list of firms shows some four in the furniture industry, four in the engineering and electrical field, paint, television set assembly, (a state firm), brushes, tyre retreading and gas cylinder filling. The rents are subsidised and cheap compared with similar space to be found in the town. 244 workers are currently employed. There is a resident manager and staff of seven. The estate is fenced with an entrance gate.

The estate is owned by Eastern Nigeria Industrial Estates Ltd, a wholly Government owned company, and administered by the Anambra State Ministry of Trade, Industry, Cooperatives and Transport. The present rent for occupancy, 60 niara per month for a single unit and 100 naira per month for a double unit, compares favourable at present with outside rates which would be about 120 naira and 180 naira respectively, with two years rent in advance, a very important factor for a small company Most of the firms were already operating in the town; a few are new. There is great competiiion to enter.

None of the labour on the estate is unionised; there are quite a number of apprentices who are paid 0.6 naira a day; adult workers get about one naira per day less than half the new minimum wage decreed by the Federal Government. There is a certain amount of movement of labour between firms on the estate.

There is no particularly close relationship between the various firms. Occasionally, when things go wrong, there is talk of forming committees, but nothing permanent arises. The Board of Directors, which consists of

top officials of the Ministry under the chairmanship of the Chief Industrial Promotions Officer, is working on the idea of a cooperative of members, but the rather diverse interests of the different firms makes one wonder whether this would serve any useful purpose.

There are plans to expand the capacity of the estate by putting up another industrial building in the open space at the entrance to the estate and another at the back, when funds become available.

Firms visited on the Estate

Electric motor armature rewinding - The head office of this firm is in Lagos and it has branches in other towns. This plant came from Lagos. The workers have been trained in the technical schools and earn 120 naira a month. 13 are employed. Machinery was reasonably new and working conditions adequate.

Assembly of television sets - Set up in January, 1975, the firm employs 37 men and girls. It is government owned and pays civil service rates. It imports the tubes and electronic components which are then made up into sets. The cabinets are bought out from sub-contractors in the State. The cabinets are very well made, but there are severe problems of supply owing to shortage of wood. The cost of the cabinet represents 25 per cent of the cost of the set. There are no problems of marketing and it is claimed that the quality compares well with that of imported sets, with the additional advantage that there is a one yaer guarantee, not given with imported sets. The 24" set sells for 350 naira; imported sets of the smae size cost 375-390 naira. Produmction is normally 10 sets a day, but at the time of the visit the works was idle owing to lack of cabinets.

Machine repair and nail making This firm has been set up in1976 by a Nigerian Doctor of Engineering who studied and worked in Germany for 13 years. At present it is keeping its head above water by doing machine repairs, but it has bought some German nail making machines and intends to go into the production of nails, for which there is a ready and continuing market. The initial capital to buy the machines was put up by German sources, but the owner is deperately short of working capital to buy his first supplies of raw material. A Belgian firm which may be prepared to give him long term credits for raw material supplies is shortly sending a representative to

look the firm over and take a decision. The problem of obtaining bank loans or other credits in Nigeria appears to be that machinery will not be accepted as collateral; the owner does not own any land or buildings.

Furniture factory - This factory was very badly run and the working conditions were very bad. Wages were 0.6 naira per day. Orders have recently dropped off. The furniture of the best quality was quite well made but very expensive. None of the machines were guarded; the tempo of work was poor.

Firms visited in the Town

Furniture - This small firm, employing about 12 people, was housed under an apartment house block in appalling conditions. The showroom was out in the street; varnish spraying was being done in a small closed space; assembly in a more or less open back yard, liable to flooding in the frequent rains. The owner would be most interested to find space on an industrial estate and obtain more working capital.

Furniture - This firm appeared to be competently run. The general manager had an engineering degree from the UK. The factory was on about a hectare of land on two levels on which new buildings were being erected. The quaity of the products was good. Large orders were in hand for the expanded school programme.

Metal Machining - A skilled machinist had recently srated up his own business with a single centre lathe of modern design and a pillar drill in a smal garage in the town. He was prepared to undertake any machining and was currently making V-belt pulleys to a good standard. His main problem was that he had not yet had time to build up a connection and was short of finance.

Conclusions

The Enugu Industrial Estate is certainly fulfilling a useful role, but it seems less valuable than it should be in promoting and developing the firms on it. Broadly the same remarks about selectiveness in taking firms apply to it as they do to Yaba and also on the need for more positive assistance. There is certainly room for another estate in Enugu.

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