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MISSION REPORT*

NIGERIA :

REORGANIZATION OF THE FEDERAL MINISTRY OF INDUSTRY

and

REVIEW OF PRESENT AND FUTURE UNIDO ASSISTANCE

by

Shadrack N. Ndam
Industrial Development Officer

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I. INTRODUCTION

A. Background

Following discussions between ECA and the Federal Minister of Industries, Dr. Adeleye, the Government of Nigeria requested the advice of ECA on the reorganization of his Ministry. The purpose of the reorganization was, in general to streamline the structure and facilities of the Ministry and to realign them with its functions to enable it to discharge its responsibilities more efficiently. Although considerable thought had been given to this matter by the Ministry, a satisfactory solution had not yet been found.

On the request of ECA, UNIDO participated in the mission and following discussions with Mr. Kimani on the scope of the mission, it was agreed that UNIDO's participation would consist of two staff members.

In accordance with IOD's approach to take advantage of staff members on mission for the maximum benefit of the IOD in particular and of UNIDO as a whole, it was decided that the UNIDO mission should discuss with the UNDP and the national authorities, while in Nigeria, the status of UNIDO's ongoing and possible future projects. Adopting the same approach, the mission also discussed, on the request of ECA, the joint UNIDO/ECA programme on the establishment of regional centres in the industrial field. My comments on this matter are attached as Annex I to this report.

B. Composition of the mission

The mission consisted of:

From ECA: Mr. Godfrey E.A. Lardner, Chief, Policy and Programme Co-ordination Office (Head of Mission)

Mr. George Kimani, Acting Chief, Joint ECA/UNIDO Industry Division

Mr. S.I. Edoakpayi, Acting Chief, Public Administration, Management and Manpower Division

From UNIDO: Mr. Swamy Rao, Senior Inter-Regional Adviser, Industrial Operations Division

Mr. Shadrack N. Ndam, Industrial Development Officer, Office of the Director, Industrial Operations Division.

C. Programme

The mission met at ECA on 2 and 3 December 1976 for consultations to crystallize its ideas on the mission, agree on the terms of reference and adopt a common approach in carrying out the field work. The mission departed from Addis Ababa on 4 December 1976 for Nigeria and commenced its field work on 6 December 1976, ending on 11 December 1976. The mission returned to ECA for post-mission consultations, to finalize the outline and agree on the best way of handling the preparation of its report.

It was agreed that the ECA would assume the responsibility for co-ordinating the preparation and submission of the final report. It would prepare a draft, send it to UNIDO for comments, and finalize it in the light of UNIDO's comments and see to its timely submission to the Government.

D. Consultations in the field

The mission held consultations with those relevant Ministries, Departments, Public Organizations and Industrial Services Institutions, for which appointments could be arranged. A list of the persons officially met and of the organizations visited is attached as Annex II to this report.

E. Financing

The mission was jointly financed by the Government of Nigeria (three ECA and one UNIDO participants) and by UNIDO (one participant).

II. REORGANIZATION OF THE FEDERAL MINISTRY OF INDUSTRIES

The information contained in this chapter is partly based on the aide-memoire prepared by ECA on the mission.

A. General considerations

(a) Government and Industry in a Mixed Developing Economy

In a mixed enterprise developing economy, such as in Nigeria, in which planning is undertaken and in which the primary concern is with structural self-sustaining change the State may be said, in respect of industry, to discharge, inter alia, the following main responsibilities:

- 1) Definition of National Development Strategy, orientation and priorities: This is often done by the highest authority in the country such as the Supreme Council or the Cabinet or an

equivalent, with the participation of all relevant parties, e.g. ministries, enterprises, etc., in its formulation.

In the development of strategy, orientation and priorities related to industry, special attention is to be accorded to:

- income distribution
- decentralization (industrial estates and parks)
- small-scale industrial development
- import substitution
- export orientation - industrial free zones
- infrastructure and power
- manpower requirements
- financing

2) Preparation and overall co-ordination of the execution of the National Development Plan: This is often the main responsibility of the Ministry of Economic Planning or equivalent and the Ministry of Finance with the participation of other relevant parties, e.g. ministries, institutes, enterprises, etc.

3) Development of policies and strategies for the implementation of the Plan: This would be the main responsibility of each respective ministry, e.g. Ministry of Industry for the industrial sector with the participation of other relevant institutes and industrial enterprises. In this regard it is important to accord special attention, when defining the policies to such aspects as:

- industrial legislation/investment code
- organization and management of public enterprises
- negotiations to ensure maximum absorption of foreign technology
- economic and trade agreements - marketing
- organization and co-ordination of industrial services, e.g.
 - Standardization and Quality Control
 - R and D including engineering design
 - Industrial Consultancy and Management
 - Training
 - Industrial, Commercial and Economic Information
 - Export Promotion
 - Small and medium-size industry

- 4) Project identification and preparation: This is often the main responsibility of the Ministry of Industry with the participation of other relevant ministries, institutes and enterprises.
- 5) Preparation of Development Programme: This is often the main responsibility of the Ministry of Industry with the participation of other relevant ministries and institutes. The location of finance would normally be undertaken by the Ministry of Finance in collaboration with the Ministry of Economic Development or equivalent and the Ministry of Industry.
- 6) Execution of Programme: Detailed studies on projects would usually be co-ordinated by the Ministry of Industry. Their preparation would however be undertaken by competent technical organizations, consulting firms, financing institutions and other relevant institutions. The execution of the studies, once completed, would normally be undertaken by public enterprises, private enterprises, joint ventures and other relevant organizations. Related services would normally be provided by institutions such as Standardization and Quality Control, industrial research, consulting engineering and management and the development of the manpower requirements would be undertaken in a co-ordinated form involving industry, universities, government and other relevant institutions.
- 7) Programme Co-ordination, Monitoring and Evaluation: This normally involves technical and financial co-ordination undertaken mainly by the Ministry of Industry; financial auditing by the Ministry of Finance; and overall evaluation in the light of national objectives and targets by the Ministry of Planning with the participation of other relevant ministries or organizations. In the type of economy under discussion, co-ordination and monitoring (feedback) functions are critical. In broad terms co-ordination may be defined to include:
- (a) co-ordination of the implementation of State and Federal policies and programmes (including major joint projects);
 - (b) co-ordination of State and private sector policies, programmes and projects; their interdependence. This involves the provision of a general framework on which these policies should be developed and checked from time to time.

It would be useful at this stage to illustrate the importance of monitoring with reference to one area: viz., structural change and weakness within individual industrial sectors and sub-sectors. The conventional development of public enterprise in Nigeria as well as elsewhere in Africa has been from public utilities to joint ventures to wholly-owned State enterprises. This process has been little thought out and has taken shape in response to specific needs. An active and possibly aggressive policy would view State intervention, particularly through State enterprises, as directed towards specific goals in particular sectors. With a relatively small proportion of national resources for investment in industry, the State can:

- (i) influence the growth of active sectors, i.e. those which "principally initiate demand for investment and other goods and services", in contrast to passive sectors (fuel and power), transport and communications, basic metals, insurance and banking) which are dependent on the growth of the others for their own growth. This is essential for correcting "deficiencies in the growth process which the market mechanism alone is inadequate to overcome";
- (ii) forge linkages (as South Africa did) both intra-sectoral and inter-sectoral through sector-leading companies. "For if the government simultaneously employs a multi-sectoral package of State firms in the main manufacturing sectors as spear-heads or pace-setters for the private firms with which it competes, it also can thereby contribute to ensuring a 'broad wave' of investment throughout manufacturing as a whole. And this, as already argued, is crucial in ensuring that the sectors dependent on manufacturing for an increase in their own demand, investment and employment also can expand";^{1/}
- (iii) modify the effects of oligopoly (particularly foreign oligopoly) in any sector or group of sectors. This is particularly important in regard to the internationalization of production;

^{1/} The State as Entrepreneur: New Dimensions for Public Enterprise: the IRI State shareholding formula, edited by Stuart Holland, 1972, page 21.

- (vi) promote R and D, encourage manpower development, develop management consultancy services;
- (v) introduce innovations in technology, management, the organization of production, marketing, etc.
- (vi) provide special support services to medium and small enterprises within the sector, especially through sub-contracting arrangements; indigenisation would then really take off.

B. Institutional structure

As can be seen from above, the Federal Ministry is only a part of the total instrumentation for carrying out overall industrial policy in the Federation. Apart from other State ministries the following also constitute part of the instrumentation:

- (i) public utilities, State joint ventures, wholly-owned State manufacturing enterprises;
- (ii) foreign industrial enterprises, indigenous large and medium scale enterprises, small-scale and rural industrial enterprises;
- (iii) development banks and other financial institutions for industry;
- (iv) training institutions;
- (v) support institutions such as:
 - (a) industrial business information services;
 - (b) project analysis and design services;
 - (c) testing services for raw materials and finished products;
 - (d) industrial standardization, quality control services;
 - (e) technology transfer advisory services;
 - (f) private consultancy services for industry;
 - (g) industrial research and development ;
 - (h) incentives and disincentives (structure and mechanisms);
 - (i) export promotion services.

In some cases the institutions may not exist, in others they may not be adequately aligned with (or perhaps even fully seized of) overall policy, policy specifications and targets; in yet others they may be mal-functioning. The extent to which - in a mixed economy associated with planning - the process of industrial change corresponds to policies and targets (assuming that these are adequately spelled out) will largely depend on whether critical institutions fall into one or other of these categories. Correcting these weaknesses is a major assumption of policy and targets.

In the discharge of its functions, it is, of course, not necessary or feasible that the Federal Ministry should carry out all these functions itself - some must be the responsibility of other ministries, specialized agencies, public research institutes such as universities, etc. In many cases valuable insights are gained through the work, e.g. private consultancy organizations, chambers of industry or of mines. What is necessary is that the main elements of the system are in place and working reasonably well and that the Ministry establishes, maintains and follows up on working relations with them. This is necessary for adequate and timely feedback or signals. Another and equally important factor is reaction time. Over-quick reaction may be dangerous but poor reaction or none likely to be destructive.

C. Present functions and structure of the Federal Ministry of Industry

The primary responsibility of the Ministry, as conceived by the Government, is to ensure the rapid industrialization of the entire country in such a rational manner as would ensure the most judicious investment of available resources, result in the establishment of the economic prosperity of the nation on solid foundations, create opportunities for gainful employment for as many Nigerians as possible, the pitfalls which could render the objectives of industrialization illusory or make industrial activities incompatible with the requirements of a healthy environment and the age-old customs and traditions which the people rightly cherish. The Ministry not only advises the Government on the formulation of industrial policy, it also encourages private entrepreneurs and investors to be actively involved in the industrialization process, while at the same time taking charge of the implementation of Federal Government industrial projects and superintending the operations of Federal Government-owned industries.

The Ministry currently has the following units under its direct administrative structure:

- (a) Administrative Division
- (b) Industrial Planning Division
- (c) Investment Promotion and Information Centre
- (d) Small-scale Industries Division
- (e) Industrial Inspectorate Division
- (f) Industrial Management Division
- (g) Agro-allied and Textiles Division

- (h) Engineering and Chemicals Division
- (i) Iron and Steel Division
- (j) Petro-Chemicals Division

The units are staffed with Administrative Officers and operate within the Ministry because of the nature of their roles. The present arrangement has been found unsatisfactory because it has proved rather unresponsive to the urgency and professional expertise which the pressing duties of the Ministry now demand. Administrative Officers are not necessarily trained in any particular profession and, what is worse, they get moved rather frequently, with the result that the benefits of experience on the job are often denied the Ministry when it is most needed.

There are, additional to the above, six other units which, although located under the aegis of the Ministry, are autonomous in operation. These are:

- (a) The Nigerian Enterprises Promotion Board
- (b) The Nigerian Standards Organization
- (c) The Industrial Training Fund
- (d) The National Steel Development Authority
- (e) The Federal Institute of Industrial Research, and
- (f) The Nigerian Industrial Development Bank.

The Ministry also receives, occasionally, certain advisory services from organizations such as the Consultancy Unit of the Nigerian Institute of Social and Economic Research.

D. Need for restructuring of the Federal Ministry of Industry

The Government has recognized that the present structure and functioning of the Federal Ministry do not respond effectively to the functions and responsibilities conceived by the Government for the Ministry. Considerable thought has been given to ways and means of streamlining the present structure and facilities and to realign them with its functions and responsibilities. It is in an effort to arrive at a satisfactory solution that the Government has requested the assistance of ECA and UNIDO in crystallizing its ideas on the re-organization of the Ministry.

The task of the mission was therefore directed towards this objective. In carrying out this task, the mission took into full account the various considerations affecting the development of the Nigerian industry as well as the existing machineries at the national, ministerial and institutional levels for industrial development. Certain issues affecting the restructuring of the Ministry, which were given considerable thought by the mission and worth mentioning, include:

1. Structure in relation to the elements of policy indicated in above and the clarity thereof; new functions and units to be added, existing functions and units to be hived off, new functions to be entrusted to institutions other than the Ministry;
2. The structure of decision making; where particular "bucks" stop;
3. The process of flow of data and cases for decision making (including feedback material); reaction time and the down flow of decisions; reporting mechanisms;
4. The relevance of qualifications and experience of personnel;
5. Working relations with other institutions comprising the instrumentation for rapid, structural industrial change in pre-determined directions;
6. Mechanisms for ministry/business sector relations.

The above may be considered in three broad areas: improving policies and structures, improving procedures and improving personnel.

Improving policies and structures will encounter built-in attitudes such as the national plan and targets are private matters for the Ministry or Government; that institutions outside of Government (business associations, universities, consultancy groups, etc.) are, in some way, a class of untouchables; that Government or the Ministry should avoid explaining too much to those who, in the end, must make the Plan or its targets a reality.

Improving procedures is a never-ending task and may require a built-in mechanism such as a hard-working and powerful O and M Unit. This may be part of a central Federal service which reports directly to the Cabinet Office. Even so there may be a need for an independent efficiency audit from time to time.

Improving personnel may well prove the most difficult hurdle. It is likely to entail:

- (i) checking job specifications;
- (ii) checking approved specifications against present holders;

- (iii) organizing improvement courses (including service with public or private enterprises);
- (iv) checking succession arrangements; here particular attention needs to be paid to postings procedures.

E. Findings and recommendations

After intensive consultations with various organizations and authorities, and following an exhaustive exchange of views among the mission members, the mission arrived at certain conclusions and recommendations, especially on a structure and mode of operation for the Ministry to effectively carry out its functions both technical and administrative. The mission's findings and recommendations are elaborated in its report, which is still confidential, for submission to the Government for its consideration. In general terms the recommendations provide, in particular, for the establishment and operation of an appropriate working arrangement and structure to ensure

- efficient monitoring and liaison without undue delays and bottlenecks;
- effective co-ordination with other ministries and States;
- the full utilization of expertise and skills available in various institutions such as industrial research, standardization and quality control institutions, consultancy organizations, public and private enterprises, universities and other training institutions;
- the development, adaptation and transfer of technology;
- the development and full utilization of local industrial consultancy and technical advisory services for the preparation and implementation of industrial surveys and feasibility studies and technical assistance to industry in technical, technological and commercial aspects of production;
- the development of suitable skills, at all levels, for the implementation of industrial projects, not only within the Ministry but also in the industrial enterprises;
- effective evaluation of project and programme implementation as a feedback to project and programme modification.

In addition to the above, the mission also made recommendations on certain specific aspects currently under serious consideration by the Government including relationship between various autonomous organizations currently under the aegis of the Ministry; industrial consultancy; national office for transfer of technology and industrial holding company.

The mission also recommended a programme of follow-up action to be undertaken by the Government for the implementation of the re-organization.

III. REVIEW OF PRESENT AND FUTURE UNIDO ASSISTANCE

A. On-going projects

The discussions on this subject involved only Mr. Shadrack N. Ndam (representing UNIDO), Mr. V. Lavidés (representing the UNDP) and Messrs. A.O. Oluwummi, N.E. Onyenanu and G.O. Ugabebor from the Nigerian side. A quick review of the on-going projects which are under the control of the Federal Ministry, was made. In this connexion it may be noted that the Federal Ministry of Industry was not informed on projects of assistance to the State Governments which are co-ordinated directly by the Federal Ministry of Development and Reconstruction. It may also be noted that Mr. Lavidés has been delegated the full responsibility for all UNIDO executed Programmes by the UNDP Resident Representative. He assured the mission that there was no problem in getting additional funds for any project which received Government support, or increase to already on-going approved projects, if UNIDO felt that such an increase would be essential for the implementation of the projects. A summary of the discussions on the projects is presented below.

1. Metal Working Industries Study (DP/NIR/76/011)

The Government expressed its wish for this study to concentrate on the machine tools industry. While recognizing the need for such a study to obtain general information on the metal working industry as a whole, there would be no problem increasing the total cost of the project from the present US\$ 60,000 to US\$ 100,000 as proposed by UNIDO. The idea of a UNIDO technical staff member to participate in the assessment of the study in Nigeria and the finalization of its recommendations was well received and should be budgeted in the project. The Government is very anxious to see the study implemented immediately since it gives it very high priority.

2. Integrated Food Industries Complex (DP/NIR/76/013)

The proposed increase of this project from US\$ 64,000 to US\$ 105,000 is acceptable to the Government and the UNDP. It was considered that US\$ 1,000 would not be sufficient for two staff travels, the first one for the preparatory mission and the second one to assist the Government in evaluating the report and recommendations of the firm to undertake the sub-contract. It is essential to field the exploratory mission immediately in order to ensure timely implementation of the project.

3. Federal Institute of Industrial Research (DP/NIR/75/069)

The job description for the expert has been approved by the Government and selection of the candidates submitted by UNIDO is expected soon. Follow-up action from UNIDO will be necessary. The Government accords high priority to this project in view of the expanding scope and role of the Federal Institute of Industrial Research, particularly through its industrial information services.

4. Industrial Development Centre Oshogbo (DP/NIR/73/104)

The implementation of this project is being delayed due to delay in the constructions of the buildings which are currently underway..

5. Textile Testing and Quality Control, Oshodi (DP/NIR/75/023)

This project needs to be revised for the provision of 3 m/m of consultant services. Follow-up action is necessary from UNIDO to ensure the finalization of the project revision.

6. Standardization and Quality Control (DP/NIR/75/070)

In the course of the mission I had a discussion with Mr. Banjo, Chairman of the National Standards Organization, who expressed some reservation on the timeliness of Mr. Stevens' assignment since, in his opinion, the NSO was not yet ready to absorb the services of the expert. He felt that the whole project needed to be revised which, in my opinion, seems appropriate in view of the two-year time lag in implementation since the initial project document was approved. However, I explained to him that Mr. Stevens' arrival would seem to be appropriate in order to assist the national authorities in revising the project as well as in laying groundwork for a smoother implementation.

I was also informed that due to an administrative oversight, the US\$ 1.5 million included in this project document for cost sharing in connexion with laboratory equipment, was not included in NSO's budget. This situation is being regularized.

I was assured by Mr. Banjo that inspite of the reservations expressed above, the project would not be cancelled, since he felt Nigeria needed assistance in this field in order to cope with the rapidly expanding industrial economy. In the light of the above, I suggest that more particular attention be given to the timely and effective implementation of this large-scale project.

7. Weights and Measures Training School (NIR/75/143)

The comments made by UNIDO on this project were well received by the UNDP. It is however not possible to precisely determine at this time the schedule of implementation since the necessary financing is to be provided from commonwealth funds. Follow-up action is required by UNIDO to obtain the latest status of the availability of the funds and UNIDO's precise role in the implementation of the project.

8. Colour Television Project

The Government had invited for bids and tenders have been received from a number of companies including local subsidiaries of transnational companies already manufacturing black and white television sets in Nigeria. In a preliminary review of the bids the Government found that some of the companies operating black and white assembly plants in Nigeria have already made detailed studies on the possibility of expanding their present operations to include colour television assembly. The Ministry is currently reviewing internally what its policy decision would be regarding the Government investing in colour television sets. As soon as this policy decision is made, UNIDO's role in this project would become clearer and we shall be contacted accordingly.

In the course of our discussion on this project I indicated to the Government that UNIDO's assistance would still be useful, irrespective of the decision reached on the degree of involvement of the Government in the project. UNIDO could, for example, advise the Government when it reviews the plans already made by the local companies when they apply for the rights to go into colour television production to ensure that their

operations would be to the best interest of the nation. Alternatively, should the Government decide to invest independently or in partnership with one of the local companies, in the project, UNIDO could also provide assistance in determining the partnership arrangement or the nature of its investment.

9. Other on-going projects

The UNDP and the national authorities expressed their satisfaction with the implementation of other on-going projects. They have stressed that for the new projects and for those where implementation is behind schedule, all efforts should be made to accelerate implementation since the Government is very particular on this matter. This appears to be a general tendency in the whole country since the Government is rather in a hurry to implement as many projects as possible in order to convert as much of the oil money as possible into tangible production facilities.

EC Prospects for expanded UNIDO assistance in Nigeria

In the light of the joint UNIDO/EC mission to Nigeria, the scope and magnitude of UNIDO's future assistance to the country seems to be unlimited. This however would depend to a large extent on the efficiency and prompt response to be accorded by UNIDO to requests from the country for its assistance. If the Government adopts the recommendations of the mission, their implementation would call for considerable inputs not only in terms of finance but also in terms of technical know-how and expertise. UNIDO's contribution in this particular respect would include:

1. overall assistance in the development of a detailed programme for the implementation of the reorganization;
2. assistance in the elaboration of a methodology and work programme for the various departments of the Ministry;
3. assistance in strengthening and/or establishment of new departments, e.g. Office of Transfer of Technology within the Ministry;
4. assistance in the establishment of new and/or strengthening of existing autonomous organizations in such areas as
 - industrial consultancy
 - industrial holdings
 - small-scale industry
 - industrial research
 - private sector information

- standardization, quality control and metrology
- industrial investment
- industrial training
- industrial management
- industrial information and
- industrial promotion and financing;

5. Assistance which would have to be programmed to include not only the conventional aspects such as provision of experts, equipment and training, but also more pragmatic approaches to meet in a prompt manner the special needs of the fast growing Nigerian sophisticated industrial economy. Consideration has to be given to assisting the Government in the context of co-operation among developing countries. Increased use will have to be made of Headquarter staff to undertake short-term missions to advise the Government on specific issues.

It is recommended that as soon as the report of the joint ICA/UNIDO mission is approved by the Government, a programming mission including UNIDO staff members in priority areas to be indicated by the Government, should visit Nigeria to assist the Government in drawing up a plan of implementation of the mission's recommendations. For such a mission to be effective, adequate preparatory work needs to be undertaken, since such a programming mission would aim at helping the Government to develop a programme for financing from various sources. It is further suggested that this idea be communicated to the SIDFA who should be requested to start laying the groundwork for the favourable acceptance by the Government of UNIDO's assistance in this field.

Pending the outcome of the mission's report, it is also suggested that the SIDFA be requested to contact the Government and obtain its suggestions for additional short-term assistance including the organization of study tours to enable the Government to obtain more information on the wide variety of issues which it is considering to initiate in the context of the reorganization.

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ECONOMIC COMMISSION
FOR AFRICA



COMMISSION ECONOMIQUE
POUR L'AFRIQUE

— INTER-OFFICE MEMORANDUM —

TO: Mr. G. Kimani, Acting Chief
Joint ECA/UNIDO Industry Division

DATE 2 December 1976

THROUGH:

FILE NO.

TEL. EXTENSION

FROM:

S.N. Ndam *S.N. Ndam*
Office of the Director, Industrial Operations Division, UNIDO

SUBJECT:

Joint ECA/UNIDO proposed African Regional Centres

I refer to my discussions with you, Mr. Lardner and Mr. Karuga of UNCTAD on the regional centres to be established in Africa. As requested by you and Mr. Lardner, I have studied the proposals submitted to the third meeting of the Follow-up Committee on Industrialization in Africa held in Addis Ababa on 4 and 5 November 1976 (documents ECA/CMI/FCIA.3/WP/3, WP/5 and WP/6) and drawing upon my experience on the subject, I wish to offer the following comments:

A. Regional Centre for the Transfer, Adaptation and Development of Technology

As expressed during our discussion on this subject I fully share the approach being advocated by Mr. Lardner that the activities to be undertaken in the context of this project should not be limited only to negotiations for the importation of foreign technologies but should emphasize to a greater extent the actual transfer of technology through industrial production. Mr. Karuga agrees with me that the concept of a single centre for transfer of technology in Africa has to be carefully reassessed if the ultimate aim is to effect the transfer of technology through industrial production. It might be worthwhile, therefore, to look at the problem from the whole spectrum of activities involved in the process of actual technology transfer. The salient points in this spectrum would include project identification and preparation, identification of alternative technologies for the implementation of the projects; acquisition of the selected technology (locally developed or imported); transfer of technology to the production level; maintenance of the technology and updating it; and follow up to ensure that the technology is modified to ensure adequate production in accordance with the changing needs.

In order to ensure an effective contribution to the development of industrial technological capacity in Africa an approach worth serious consideration in the development of the activities related to the Centre would be to set up a network of centres each of which covers a certain industrial sector or sub-sector. The selection of the sectors would be based on the priority needs of several African countries. Each centre would, therefore, undertake the provision of technical advisory services to the African Governments in its area of competence. Such

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services would include (a) assessment of plans and programmes for the development of the particular sector in the country, (b) advice on the identification of individual projects, their preparation and design, (c) advice on the preparation of project profiles and bankable techno-economic feasibility studies, (d) advice on project implementation including aspects such as assessment of technologies, selection of equipment, market studies, product distribution, standardization and quality control, plant management, and production control, (e) negotiation of licensing and joint venture agreements on the specific projects, (f) training of staff at various levels in production, and repair and maintenance activities in the plant, (g) plant design and engineering, (h) provision of technological, economic and commercial information, etc. It may be noted here that these advisory services would be made not only to the governments but directly to the entrepreneurs involved in the actual operations of the plant. The services of the Centre would naturally be complementary to those of similar national ones in order to produce greater multiplying effects.

Based on preliminary survey by UNIDO and on the discussions held with Mr. Kimani in Vienna a number of industrial sectors have already been identified which warrant consideration for the establishment of the regional centres. These include metallurgical industries, agro-industries, building materials, plastic technology, and spare parts production. This list could be multiplied depending upon careful selection.

I feel that the approach suggested above which would be implemented by selecting various national centres already established with certain minimum facilities and personnel would produce a greater cost-benefit ratio on the investment in these activities. Each of these selected centres would then be assisted by UNIDO and ECA to strengthen their activities and enlarge them to a sufficiently high level in order to provide on a regional basis technical services to governments and industrial enterprises. Each of the centres would also undertake the preparation of feasibility studies to be financed by the African Industrial Development Fund in its area of competence. It will also involve the participation of many more countries in this very important field since the selected centres would be scattered around the region. In other words, a network of centres specializing in certain fields should be developed to handle the entire process of transfer of technology in the specific fields rather than concentrating all efforts on a single omnibus centre which might be very cumbersome to manage and just lead to frustration on the part of all concerned as a result of its ineffectiveness.

The specific aspects related to the development of national policies for transfer of technology particularly related to negotiation, patents and licensing could be handled directly from ECA by the establishment of an advisory group for this purpose.

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B. African Regional Centre for Industrial Design and Manufacturing

Based on the concept expressed in A above I really feel that there is no strong grounds for the establishment of a separate centre for industrial design and manufacturing. The activities as indicated in document ECA/CMI/FCIA.3/WP/5 could easily be integrated in the centres described above. The motivation behind this suggestion is based on the consideration that industrial design and manufacturing as described in the document has to be related to production. Since such production falls within certain industrial areas and the manpower required for the work detailed in the document is identical to that to be supplied to the regional centres for transfer of technology the work can easily be absorbed by each of the regional centres for transfer of technology in its area of competence. Furthermore, technical advisory services and industrial design and manufacturing would be more effectively done on a sectoral basis by a competent, well developed institution rather than establishing a large organization to cover all areas. It is, however, recognized that ECA and UNIDO have a mandate by the African Ministers of Industry to look into the establishment of the Centre. It may, therefore, not be feasible at this stage to completely scrap out the idea, but my comments have been presented to provide a broader perspective of the issues involved in order to integrate all the efforts and resources (financial and human) to produce effective results.

C. African Centre for Industrial Consulting Engineering and Management

On the whole I feel that a regional centre for industrial consulting and management is justifiable. In the light of the concept suggested under A above I do, however, feel that the objectives as described in document ECA/CMI/FCIA.3/WP/3 should be modified. In my opinion, items 1, 2 and 3 would naturally be undertaken by each of the regional centres for transfer, adaptation and development of technology in its area of competence. This centre should, therefore, focus its attention on providing technical advisory services to African Governments and national institutions in the establishment of new and the improvement of existing industrial consultancy and/or management institutions. The Centre additionally to items 4-8 of the objectives outlined in document ECA/CMI/FCIA.3/WP/3 should co-ordinate at the regional level and provide assistance in the development of national policies on the use of local and foreign consultancy services as well as the modalities to effect this. An important aspect of the objectives would be the promotion of exchange of skills and experiences among African countries as well as the use of African national consultancy services in other countries.

Another important aspect which the Centre might address itself to is the development of management patterns for public enterprises particularly joint ventures in order to ensure that national interests are respected. This is particularly relevant in the accounting procedures to ensure that the account of such companies correctly reflects the actual situation.

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I do not feel that the Centre should concentrate its activities only on large national and multinational projects. In fact the management problems are largely concentrated in small enterprises. One of the things which the Centre should address itself to is the development of various management systems which could be used for these small enterprises and perhaps even cottage industries.

The core of the work of the Centre is very well reflected on page 3 of document WP/3. I do, however, feel that the aspect of quality control and standardisation, maintenance and repair should be left to the Regional Centres for Transfer, Adaptation and Development of Technology for their areas of competence.

D. African Industrial Development Fund

In general the concept as outlined in document ECA/CMI/FCIA.3/WP/6 is in the right direction. My brief comments are as follows:

Justification for the establishment of the Fund

Under item (c) I assume that the items listed refer to financing. I feel that it would not, if it were the intention, be a good approach for the Fund to undertake feasibility studies. These should be undertaken by the national institutions as well as the competent regional centres for transfer, adaptation and development of technology in their areas of competence. The Fund should, however, be in a position to evaluate the feasibility studies and to undertake the financial analysis before approving the loans.

Under item (d) it might have been better to indicate that the targets established in the Lima Declaration call for heavy financial inputs at various levels and the Fund would be one of the instruments for the achievement of the targets.

Objectives

Under objectives I think it would be useful to indicate that the Fund will also assist national industrial development funds in developing and implementing their policies and programmes as well as in providing technical advisory services on the evaluation of loans for industrial projects.

A linkage between the International Industrial Development Fund as well as other national, multilateral and bilateral funds should also be included.

I feel that item (d) should not be the concern of the Fund. This should more likely go to the Centre for Industrial Consulting Engineering and Management and/or the appropriate Regional Centre for Transfer, Adaptation and Development of Technology. This comment is also valid for item (c) of the terms of operation.

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I do agree that special emphasis should be accorded to financing of projects related to small-scale and rural industries but I feel that preferential treatment should be used very cautiously and should be left at the discretion of the requesting government to indicate its priorities. This is an item which a policy decision by the governing board of the Fund will have to be made.

I feel that item (c) on the relation between the Fund and other regional centres is too limited. I would rather feel that the Fund should co-ordinate its policies and programmes with both national and regional financing and relevant technical organizations.

E. General

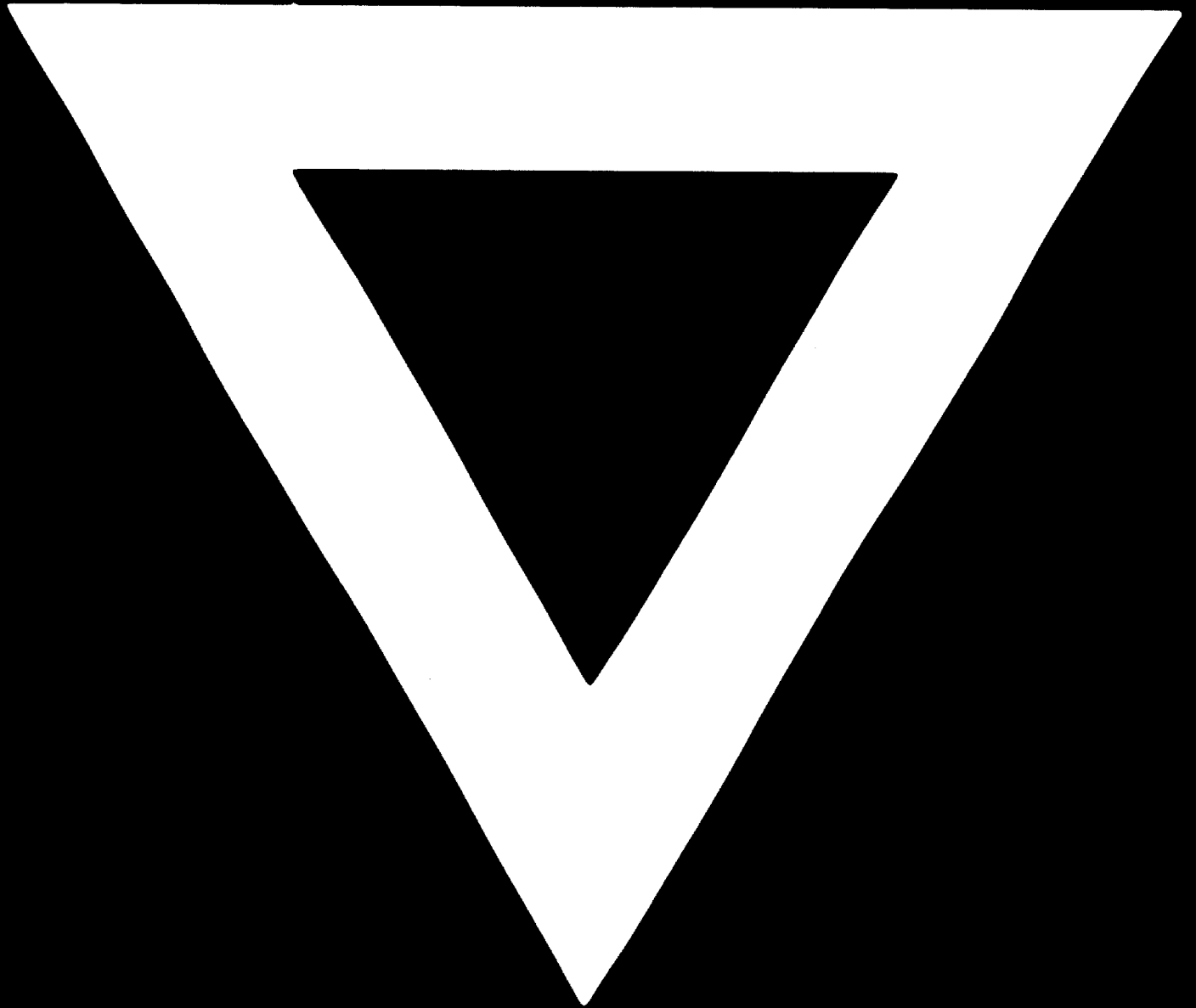
The comments made above have been restricted to the substantive issues involved. I have not made any comments on the staffing which would very much depend upon the structure and the approach adopted for the establishment of the centres. The comments are intended to provide the ECA and UNIDO with additional views to assist them in coming with a final formulation of the appropriate approach in handling the issues involved to produce a most effective impact on the development of the industrial capacity in Africa.

cc: Mr. Lardner

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