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## OCCASION

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Uma ELEPHU

PROJECT DOCUMENT

**TITLE:** Strategic Management of the Industrial Sector:  
Preparation of Guidelines for an Industrial Master Plan

**PROJECT NUMBER:** XA/NIR/90/XXX **COUNTRY:** Nigeria

**TOTAL UNIDO BUDGET**  
(Excl. support costs): US-Dollar 425,500

**STARTING DATE:** March 1990 **Duration:** 9 months

**BACKSTOPPING BRANCH:** IO/IIS/PLAN (PE-code J 12415)

**GOVERNMENT IMPLEMENTING AGENCY:** Federal Ministry of Industries

**OFFICIAL GOVERNMENT REQUEST:**

- Report on the visit of Air Vice Marshal M. Yahaya, Federal Minister of Industries, Federal Republic of Nigeria, 16-17 November 1989
- National Workshop on Industrial Strategy and Industrial Master Plan, held in Abuja, September 1989

**ENDORSEMENT BY THE UNDP RESIDENT REPRESENTATIVE (Type of document):**

Telex from the ResRep. of 9 October 1989

PART I. BACKGROUND INFORMATION AND JUSTIFICATION

Nigeria is at that point in its industrialization effort that, unless it diversifies and restructures the industrial sector, growth and socio-economic transformation of the rest of the economy are not likely to show any appreciable change. In spite of the 12-15% growth rate of the manufacturing sector in the 70's and early 80's, it accounted for only 6.1% on the average of the GDP while dependence on imports was considerable. Consumer goods accounted for well over 70% of total manufacturing value added (MVA), half of it consists of food, beverages and tobacco. Intermediate goods and capital goods accounted for less than 30% of total MVA. The Policy Analysis Department of the Federal Ministry of Industries has estimated the degree of dependence on imports for the pulp and paper, automotive and even paints sub-sectors are 60, 67 and 79 per cent respectively.

What this means is that Nigerian industry, which developed under an import substitution strategy now rests on a very weak base. It is characterized by:

- (i) a preponderance of light consumer goods industries, using low level technology for the final processing and packaging of consumer goods;
- (ii) a heavy dependence on imported inputs - raw materials intermediate goods, capital goods, spare parts and technology;
- (iii) a low level of inter-sectoral, and even intra-sectoral linkage;
- (iv) a virtual lack of engineering or basic chemical industries to provide the much needed industrial base for a self-sustaining economy.

In the 60's and 70's, Government sought to fill-in the gap by investing directly in the productive sectors to produce some intermediate goods - iron and steel, petrochemicals, caustic soda/chlorine, pulp and paper; and in order to stimulate engineering industries, Government encouraged the establishment of automotive assembly plants and a machine tools industry. The hopes and objectives of these efforts are still largely unfulfilled. Most of the Government-owned industries proved to be management nightmares. While those completed constitute a drain on public revenue, others are yet to be completed and commissioned. As part of the Structural Adjustment Programme (SAP), Government decided to divest its holdings and privatize or commercialize most of them. The private sector that fared well in the seventies, ran into trouble with the onset of the foreign exchange crunch which resulted from the collapse of the oil market and general world economic recession.

Their vulnerability, as a result of over-dependence on the external sector was exposed. Today, most companies are operating at less than 40% installed capacity. Inflow of foreign capital for investment diminished considerably. There was even capital flight, partly as a result of unfavourable business environment, and partly as a result of bureaucratic bottlenecks and policy inconsistencies.

Industrial development in Nigeria was greatly influenced by the import substitution strategy and very little attention was paid to resource-based industries. In consequence, industrial development has been haphazard. Linkages whether forward or backward are rather weak. Indeed, in a 20x20 input-output table for 1984, 51.5 per cent of the cells are empty, indicating no linkage at all.

In addition, the manufacturing sector is heavily dependent on imports. An industrial survey in 1988 shows that local sourcing even for resource-based industries such as food, beverages and tobacco as well as textiles are 57.5 and 42 per cent respectively. The extent of local sourcing is exaggerated largely because a sizeable proportion of what is obtainable locally is imported by third parties. This heavy dependence of the industrial sector on imports drastically reduces the impact potential of the industrial this sector on the development process. The net output, income and employment multiplier are correspondingly lower than they otherwise would have been.

The employment generation capacity of the industrial sector is very low, largely because of the preference for labour-saving technology. It has been estimated that even though opportunities for 10 million new jobs will be created in the formal sector over the next 27 years, between 20-30 million would remain unemployed unless they could find jobs in the informal sector. In view of the socio-political consequences of a high rate of unemployment, there is an urgent need to increase the capacity of the industrial sector to generate employment.

Supply bottlenecks in the industrial sector are critical in the food, transport equipment, chemicals, fabricated metals, glass and cement sub-sectors. Also only 1.3 per cent of industrial output is exported, reflecting the inability to compete internationally. By 1986, it became apparent that Nigerian industry was in trouble and needed drastic measures to restructure the sector.

It is in this context that the Government adopted the Structural Adjustment Programme (SAP) 1986-88. The industrial component of the SAP has as its objectives:

- encouraging the accelerated development and use of local raw materials and intermediate inputs rather than depend on imported ones;
- developing and utilizing local technology;
- maximizing the growth of local value-added of the manufacturing sector;
- promoting export-oriented industries;
- generating employment through the encouragement of private sector, small and medium-scale industries;
- removing bottlenecks and constraints that hamper industrial development including infrastructural, manpower and administrative deficiencies; and
- liberalizing controls to facilitate greater indigenous and foreign investments.

As stated earlier, in addition, Government has taken steps to privatize most of its industrial undertakings. It has also put a lot of hope on a private sector led industrial growth and has adopted policies, e.g. debt/equity conversion to encourage foreign investment in industry. But the response from the private sector has been less than enthusiastic. In early 1989, the Government put together and published a new Industrial Policy handbook. Some of the innovations in this handbook include:

- 1) Creation of a one-stop agency for all approvals relating to industrial investment - the Industrial Development Coordinating Committee (IDCC) - which is a high level body made up of Ministers of the various federal Ministries concerned with one kind of approval or another;
- 2) Abolition of the schedules II and III of the Nigerian Enterprise Promotion Decree, thus allowing foreigners to own up to 100% equity in most lines of business except those in the one remaining schedule ;
- 3) Emphasizing private sector led growth;
- 4) The introduction of debt/equity conversion for purposes of industrial investment and backward integration.

A national workshop on Industrial Strategy and Master Plan was held in September 1989 US/RAF/86/291. The objective was to assist the Government of Nigeria through the medium of the workshop:

- analyze the structure and performances of the industrial sector;
- identify the subsectors/branches which offer opportunities for the development of competitive and efficient industrial sector;
- review the industrial policies and their impact on the performances and competitiveness of the industrial sector;
- review the performance of supporting promotional, financial and technological institutions;
- review/improve/establish the system of consultations and co-operation between the Government and the other actors in the industrial sector;
- define the guidelines for the preparation of an Industrial Master Plan.

During this workshop it was recommended, and the Government accepted that an Industrial Master Plan will be prepared for the strategic management of the industrial sector.

The Federal Ministry of Industries will be the host country agency for this project. Already it is realized at the highest level that institutional reform and re-organization is necessary for the efficient performance of the Ministry as a co-ordinating Ministry for industrial development. Already some changes have been effected - the setting up of the IDCC, the Policy Analysis Department, and the move to create an industrial data-bank. The Ministry currently has the following eight departments:

1. Planning, Research and Statistics currently housing the Policy Analysis Department and the Industrial Data Bank;
2. Industrial Development Co-ordination Department acting as Investment information Centre and also Secretariat for IDCC - receiving, analysing and collation of new applications for industrial investment;
3. Industrial Inspection Department: Ascertains value of investments in kind coming into Nigeria;
4. Finance and suppliers;
5. Personnel management/establishment matter;
6. Federal Industrial Investment Department;
7. Standards Organization of Nigeria; and
8. Small-Scale Industries Department.

It is recognized that further adjustments, re-organization and institution-building will be necessary for the realization of a strategic management of the industrial sector.

The Policy Analysis Department (PAD) was set up in 1987 under a Technical Assistance Programme with the World Bank. It is intended to provide in-house technical support to the Ministry in the determination of a dynamic tariff policy and of a package of incentives for industrial development. The PAD has already completed diagnostic studies on the following sub-sectors: cement, pulp and paper, machine tools, automobile and mass transit. In-depth sub-sector studies are currently being conducted on the following: sugar, textiles, spare parts and components, plastic and rubber. The PAD has also built a number of short, medium and long-term models for policy analysis. These models include an input-output (I-O) table of the manufacturing sector, an I-O table for the Nigerian economy and a systems dynamics long-term macro-model. All of these research output could, with some modifications and extensions, serve as useful inputs into the Industrial Master Plan. PAD computer centre, comprising a network of nine IBM PS2/ micro-computers and a multi-user system with ten terminals could serve as the nucleus of the Industrial Data Bank while PAD's training programme, which is co-financed by the EEC and the UNDP/UNIDO could be expanded to incorporate the training of personnel for the main industrial data bank in Abuja comprising presently of a mini-computer with 17 terminals which will definitely be needed for programmes for the preparation of the Industrial Master Plan. However, manpower in the department will need to be increased to cope with the co-ordination of the many surveys and studies which will need to be conducted in support of the Industrial Master Plan.

The newly created National Committee on Industrial Development needs a functioning secretariat to be able to perform its assigned functions. Strategic management being an interactive process will require the strengthening of these institutions. In spite of the action already taken under SAP, the Ministry still expressed the need to have a focus in the form of an Industrial Master Plan, to give direction to further development in the medium and long term.

At present, the Government has taken a number of steps to create an enabling environment for private sector led industrial development, but apart from occasional memoranda from the Manufacturers Association and the Chamber of Commerce, there is no regular, institutional framework for consultation and/or formulation of action plans and programmes for the industrial sector. What seems to happen now is that Government acts and the private sector reacts, then there is a time lag for redress. Often, well-intended Government action sends the wrong signals to the private sector, and explanations come too late to prevent some damage.

By the end of the project period, there will be set-up in the Ministry of Industries, a system of consultations between the public sector and private sector actors in the field of industrialization, whose function will be to formulate and monitor the implementation of a coherent set of integrated strategies for investments in various sector of industry, and action programmes which will progressively move the country towards developing a competitive and efficient industrial sector, thus contributing to the achievement of national socio-economic objectives.

The immediate beneficiary will of course be the Federal Ministry of Industries and within it, the following:

- Policy Analysis Department;
- The Industrial Data Bank;
- The Planning, Research and Statistics Department.

Ultimately, the industrial sector as a whole will stand to benefit from the improved consultation between Government and industrialists working together to achieve a higher level of productivity and employment.

The strategic management of the industrial sector is an action-oriented process based on a system of consultations between the public and the private sectors, and immediate legitimation of any agreed upon course of action. This therefore presupposes the existence of a consultation structure and a channel of communication to the decision structure. In each case, since the consultations will be specific and action oriented, there will be need for timely analysis of data and information, of alternative scenarios and courses of action. This will be the work of a technical support group whose function will be to collect, collate, analyse and organize information and data that will be required from time to time by the National Council for Industrial Development and the strategic consultative groups.

The Technical Support Group will also provide guidance to the Consultative Group on specific weaknesses in the current industrial structure, lack of linkages, inadequacy of infrastructures and the heavy dependence on imports requiring the allocation of over 64 per cent of total foreign exchange for the importation of raw materials and spare parts. The technical support group will also provide guidance to the consultative groups with a view to ensuring consistency between the choice of sub-systems and indeed the Industrial Master Plan, and the overall Perspective Plan for the country which is to be effective in January 1990. The technical group will also assist the consultants in the co-ordination and preparation of reports on industrial strategies.

The preparation of an Industrial Master Plan would fall into three phases:

Phase I - Formulation of the strategic guidelines for the preparation of the Industrial Master Plan and organizing the institutional framework for the strategic management of the industrial sector. This phase also includes surveys, subsector studies and data collection and analysis leading to the choice of sub-systems;

Phase II - Formulation of strategies and integrated investment and action programmes for the development and/or restructuring of the selected key-industrial sub-sectors;

Phase III - Implementation and monitoring of the strategic and investment/action programmes of the key industrial sub-systems.

The subject of the present preparatory assistance is to tackle the first phase (9 months), and putting in place the institutional arrangements for the strategic management of the industrial sector and producing the guidelines for the second and third phases.



PART II. THE PROJECT

(a) PROJECT OBJECTIVES

This project is a follow-up on the National Workshop on Industrial Strategy and Industrial Master Plan held in September 1989. The overall objective of the workshop was to analyse the structure and performance of Nigeria's industrial sector, its strengths and weaknesses, constraints and potentials, with a view to restructure and redirect industrial development in the country. The UNIDO component of the present proposal comprises assistance in the formulation of strategies and guidelines for the preparation of an Industrial Master Plan in its first phase, and the setting-up of the institutional framework for the strategic management of the industrial sector. It also includes consultancy on the analysis and diagnosis of the key industrial sub-sectors, that have potential for developing into efficient, competitive industrial sectors and to contribute to the achievement of national socio-economic objectives, as well as programmes for training support staff, study tours to some selected countries, and for strengthening the consultative mechanisms between Government and the private sector.

The overall development objective for the industrial sector is to achieve a self-sustaining industrial sector able to satisfy to a large extent the basic needs of the masses of the population for food, clothing, housing, public health care and education by transforming local resources into usable goods and services. In the process, greater employment opportunities will be created, workers will acquire enhanced technical skills, surpluses will be exported and more people will be drawn into the industrial sector, either as workers or as entrepreneurs.

The project includes the following objectives:

1. To formulate the strategic guidelines for the Industrial Master Plan;
2. To organize the institutional framework for the strategic management of the industrial sector;
3. To formulate the needs of technical assistance for the preparation, implementation and monitoring of the investment and action programmes of the selected key-industrial sub-systems;

(b) OUTPUTS

The strategic guidelines for the preparation of the Industrial Master Plan will include the following:

- (i) An institutional framework for the strategic management of the industrial sector;
- (ii) A set-up in the Federal Ministry of Industries to provide technical and management support;
- (iii) A system of consultations between public and private sector actors and the governmental and banking institutions;
- (iv) surveys, sectoral and subsectoral studies, data collection and analysis;
- (v) identified sub-systems which are given highest priority in the framework of the industrial policy;
- (vi) outline of objectives and strategies for the development of the identified sub-systems;
- (vii) consolidated strategic guidelines for the development, rehabilitation or restructuring of each key-selected industrial system; and
- (viii) strategic consultative groups.

(c) ACTIVITIES

The activities leading to the realization of the objectives will be carried out by various agencies and groups, and co-ordinated by a chief technical adviser to the Federal Ministry of Industries who will be an industrial economist with specialization in planning and policy analysis. In addition, he will be the team leader for a group of national experts/consultants to carry out surveys and analysis of each selected industrial sub-system.

Activity	Responsibility of	Time (weeks)
- Prepare job descriptions and recruit team leader/chief industrial adviser;	UNIDO HQ	(1)
- Consultation in Vienna for team leader and detailed briefing on role/relationships to FMI and other national experts;	UNIDO HQ	(1)
- Develop terms of reference and mandate for the management support group, organize and equip the Secretariat of NCID;	FMI	(4)
- Prepare job description and recruit personnel into Secretariat of NCID;	FMI	
- Formalize procedures and operating guidelines;	FMI	

- Develop terms of reference and mandate for PAD and Industrial Data Bank vis-a-vis the IMP	FMI	
Formalize procedures and operating guidelines for Minister's approval	FMI	
- Meeting of NCID	FMI	(6)
- Collection and analysis of data: collection of existing survey reports and detailed data on number of units active in various sub-sectors	State Govts private sector parastatals	
- Preliminary analysis of existing data and reports, catalogues, storage and retrieval system	PAD/teamleader	(4)
- Develop criteria for selecting key industrial subsystems;	PAD/TL	2
- Prepare a list and develop rationale for selection, and submit to NCID for approval;	PAD/TL	2
- Recruitment of national experts/consultants. Prepare job descriptions shortlist and recruit national consultants;	UNDP/TL/FMI	4
- In-depth analysis of each selected industrial sub-system, showing its strengths and weaknesses, input/output structure, market orientation, constraints and opportunities, etc..	Nat.experts	(12)
- Prepare diagnostic dossier/data base for each major unit within the sub-sector and consolidate aggregate data for each subsystem;	Nat.experts PAD/TL	4
- Develop alternative scenario for the re-development, rehabilitation or restructuring of each subsystem. Assess advantages/disadvantages of each scenario in terms of its contribution to national objectives;	Nat. experts PAD/TL	(2)
- Prepare working documents for each subsystems to be submitted to the NCID/SCG for discussion and adoption;	PAD/TL/MSG	1

- Develop a mandate and terms of reference for the Strategic consultative group;	TL/MSG	(2)
- Prepare a list of the industrial units, sub-sectors and sub-groups within each sub-system;	TL/MSG	2
- Inaugurate SCG's;	FMI	
- Meetings - consultative/strategic;	NCID/SCG's	
- Organize study tours	UNDP/FMI	2
- Summarize and consolidate findings, and outline strategies for development and/or rehabilitation of the selected sub-systems;	NCID TL/MSG/PAD	(2)
- Recruitment of international sub-contractors to assist in more detailed analysis and development of action plans and investment programme for each industrial subsystem.	UNIDO	4

Figures in brackets ( ) are critical periods that must finish before other activities. Others can run concurrently with other activities. Thus the above activities will take about 32 to 36 weeks (8 to 9 months).

(1) GOVERNMENT INPUTS

PERSONNEL

1. Assistant Director USS13	(1)	17,150	
2. Senior Inv. Officers USS12	(2)	32,000	
3. Industrial economists USS12	(2)	32,000	
4. Inv. Promotion officers USS 9	(5)	57,500	
5. Secretary/typist	(1)	6,350	
6. Confidential secretary	(2)	12,000	
7. Copy typist	(3)	13,500	
8. Despatch clerks	(2)	9,000	
9. Drivers	(2)	<u>14,000</u>	
Total		193,500	193,500

EQUIPMENT

1. Electric typewriter	(1)	20,000	
2. Microcomputer (WP)	(1)	75,000	
3. Epson printer	(1)	10,500	
4. Manual typewriters	(2)	9,000	
5. Motor cycles	(1)	28,000	
6. Motor vehicles	(2)	300,000	
7. Photocopying machine	(1)	4,000	
8. Misc. items, stationery		<u>120,000</u>	
Sub-total		602,500	602,500

OTHER CHARGES

Travel/hotel expenses for NCID and SCG members (20 meetings)	4,464,000	
Studies and consultancy (30 w/m)	394,200	
Per diem/travel etc.	150,000	
Contingencies	<u>500,000</u>	
Sub-total	5,508,200	5,508,200

GRAND TOTAL 6,304,200

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(2) UNIDO Inputs:

17-01 A team-leader - a high national expert in the field of industrial policies, strategies and planning as chief adviser to the FMI 9 w/m @ \$ 2,500	\$	22,500
17-50 A team of national consultants 40 w/m @ \$ 1,200	\$	48,000
15-00 Project travel of staff	\$	10,000
16-00 Mission of BSO to field	\$	10,000
21-00 International subcontracts to finalize industrial strategies	\$	200,000
32-00 Study tours to Cameroon, Ivory Coast and Zaire	\$	40,000
42-00 Equipment	\$	80,000
51-00 Miscellaneous	\$	15,000
Total	\$	425,500

PART III. EVALUATION AND EXPECTED RESULTS

(i) The project will be subject to evaluation in accordance with policies and procedures established for this purpose by UNIDO.

(ii) The project is expected to result in the elaboration of project documents for UNIDO's technical assistance in the second phase of the elaboration of the Industrial Master Plan.

PART IV. CLEARANCES AND APPROVAL:

Proposal submitted by:	R. Mueller, SIDO IIS/PLAN	Date:
In co-operation with:	Ms. R. Toure, IDO PPD/AREA/AFR	Date:
	Mr. Ngwa, SIDO ODG/IDDA	Date:
Cleared by:	Mr. B.O. Karlsson Head IIS/PLAN	Date:
	Mr. M. Toure, OIC PPD/AREA/AFR	Date:
	Mr. S. Ndam, Chief ODG/IDDA	Date:
	Mr. M.H.A. Handy, Director IIS	Date:
	Mr. L. Alexandrenne, DDG ODG/EPL	Date:

3. COUNTRY NIGERIA	4. PROJECT NUMBER AND AMENDMENT XA/NIR/90/xxx	5. SPECIFIC ACTIVITY
6. PROJECT TITLE Strategic Management of the Industrial Sector: Preparation of Guidelines for an Industrial Master Plan		

5. INTERNATIONAL EXPERTS (functional titles required except for line 11-50)	16. TOTAL		17. 1990		18.		19.		20.	
	M/M	\$	M/M	\$	M/M	\$	M/M	\$	M/M	\$
11-01										
02										
03										
04										
05										
06										
07										
08										
09										
10										
11										
12										
13										
14										
15										
16										
11-50 Short term consultants										
11-99 Sub-total-International experts **										

21. REMARKS

If more than 16 experts required check here  and attach continuation sheet 1A. This sub-total must include all experts.



4. PROJECT NUMBER	16. TOTAL		17. 1990		18.		19.		20.	
	M/M	\$	M/M	\$	M/M	\$	M/M	\$	M/M	\$
OPAS EXPERTS (functional titles required)										
12-01										
12-02										
12-03										
12-99 Sub-total-OPAS experts **										
ADMINISTRATIVE SUPPORT PERSONNEL										
13-00 Clerks, secretaries, drivers										
13-50 Freelance interpreters (non-UNDP projects)										
13-99 Sub-total-administrative support personnel										
UN VOLUNTEERS (functional titles required)										
14-01										
14-02										
14-03										
14-04										
14-99 Sub-total-UN VOLUNTEERS **										
15-00 Project travel		10,000		10,000						
16-00 Other personnel costs (including UNIDO staff mission costs)		10,000		10,000						
NATIONAL EXPERTS (functional titles required)										
17-01 Team Leader	9	22,500	9	22,500						
17-02 Team of consultants	40	48,000	40	48,000						
17-03										
17-04										
17-05										
17-99 Sub-total-National experts **										
18-00 Surrender prior years' obligations										
19-99 TOTAL-PERSONNEL COMPONENT										

4. PROJECT NUMBER	16. TOTAL		17. 1990		18.		19.		20.	
	M/M	\$	M/M	\$	M/M	\$	M/M	\$	M/M	\$
<b>SUBCONTRACTS</b>										
21-00 Subcontracts		200.000		200.000						
28-00 Surrender prior years' obligations										
29-00 TOTAL-SUBCONTRACTS										
<b>TRAINING</b>										
31-00 Individual fellowships										
32-00 Study tours; UNDP group training		40.000		40.000						
33-00 In-service training										
34-00 Non-UNDP group training										
35-00 Non-UNDP meetings										
38-00 Surrender prior years' obligations										
39-99 TOTAL-TRAINING COMPONENT										
<b>EQUIPMENT</b>										
41-00 Expendable equipment										
42-00 Non-expendable equipment		80.000		80.000						
43-00 Premises										
48-00 Surrender prior years' obligations										
49-99 TOTAL-EQUIPMENT COMPONENT										
<b>MISCELLANEOUS</b>										
51-00 Sundries		15.000		15.000						
55-00 Hospitality (non-UNDP projects)										
56-00 Support costs (CC and DC projects only)										
58-00 Surrender prior years' obligations										
59-99 TOTAL-MISCELLANEOUS COMPONENT										
99-99 PROJECT TOTAL		425.500		425.500						

Remie Touré, Area Officer *R-Touré*  
20 November 1989

Cleared by: M. Touré, O-i-C, *HACUS* PPD/AREA/AFR

N.N. Tandon, Director, PPD/AREA *N.N. Tandon*

L. Alexandrenne, DDC *L. Alexandrenne*

The Director General *The Director General*

Air Vice Marshal Yahaya  
Federal Minister of Industries *Air Vice Marshal Yahaya*

**REPORT ON THE VISIT OF AIR VICE MARSHAL M. YAHAYA,**  
**FEDERAL MINISTER OF INDUSTRIES**  
**FEDERAL REPUBLIC OF NIGERIA**  
**16-17 NOVEMBER 1989**

1. **PURPOSE OF VISIT**

Consultations with UNIDO on UNIDO's Technical Assistance Programme in Nigeria with a view to strengthening technical co-operation and to increasing UNIDO's technical assistance delivery to Nigeria.

2. **PARTICIPANTS:** See Annex I

3. **MEETING WITH MR. ALEXANDRENNE, DEPUTY DIRECTOR GENERAL, DEPARTMENT OF EXTERNAL RELATIONS**

The Hon. Minister, Air Vice Marshal M. Yahaya and his entourage were met by Mr. Alexandrenne who on behalf of the Director-General welcomed him to UNIDO. Mr. Alexandrenne presented the schedule of meetings to the Minister which the latter accepted with some slight modifications. A brief discussion took place on some of the main agenda items of the Third General Conference of UNIDO, namely, the Industrial Development Decade for Africa, Problems of External Debt, Reorganization of the UNIDO Secretariat and the Biannual Budget which itself was linked to the proposed reorganization of the Secretariat.

**PART B      MEETING WITH THE DIRECTOR-GENERAL (CHAIRD BY MR. DOMINGO SIAZON)**

The Director-General reiterated the purpose of the Minister's visit and gave an overview of UNIDO's technical assistance programme in Nigeria. He stated that Nigeria being the largest country in Africa, was well endowed with both natural and human resources which could be utilized for effective industrial development. With the emphasis on the country focus since 1986, UNIDO's technical assistance programme in Nigeria had increased quite substantially. He also indicated that since his visit to Nigeria in January 1989, the number of technical assistance projects had also increased and he was confident that during his tenure of office as Director-General, UNIDO would even try harder to increase its technical assistance delivery in Nigeria. He further stated that he was quite pleased to note that all but one of the projects identified by the Government during his visit had been approved.

In response, the Minister stated that the Government of the Federal Republic of Nigeria appreciated the role of UNIDO in the industrialization of the developing countries, and that, he had a personal interest in the activities of UNIDO as he was convinced that the organization had a vital role in the industrial development of Nigeria. The composition of his entourage with officers drawn from the Ministry of Finance and Economic Development and from several Departments of the Federal Ministry of Industries showed that he intended to cover various facets of technical cooperation during his stay in Vienna. Nigeria, because of its size, the number of States (21) and the emphasis being put on industrial transformation of domestic raw materials and self-sustained industrialization, would continue to rely on UNIDO for high level advisory service, expertise, etc. In particular, he mentioned that his Government was in the process of undertaking techno-economic assessment of a number of industrial plants which were established in the period of the oil boom but, which for a number of reasons, were not operational and were working well below installed capacity levels. The rationale of using the services of UNIDO in reviewing large-scale contracts became apparent when the Government could not make a break through in its negotiations with foreign consulting firms or experts. As already mentioned in a recent request for technical assistance, that kind of cooperation could start with the reactivation of the Nigerian National Paper Manufacturing Company Ltd. at Iwopin.

**1. MAJOR ISSUES DISCUSSED AND AGREED UPON**

**(i) The Master Plan for Nigeria**

- The Master Plan had been accorded top priority in the industrialization programme of the Federal Ministry of Industries. The need for such a plan became apparent during the deliberations of the Workshop on Industrial Strategy and Policies held in Abuja in September 1989.
- The Government had recently inaugurated a National Committee on Industrial Development as the main institutional framework for reviewing and monitoring the activities relating to strategic planning of the industrial sector.

- An official request for UNDP/UNIDO assistance in preparing a master plan had already been submitted.
- The estimated cost of the project is approximately US\$5-6 million. Therefore, the project would have to be financed on a cost sharing basis by UNDP, UNIDO and the Government.
- It was agreed that the preparatory assistance project estimated at about US\$400,000 for a duration of 6-9 months would be funded by UNIDO preferably from IDDA Funds.
- The cost of the main phase could be reduced if some sectoral analysis had already been carried out and the relevant data properly stored.
- The Government, through the Ministry of Finance and Economic Development, should negotiate with UNDP and obtain UNDP's commitment to borrow against the resources of the next cycle programme in order to ensure a continuous implementation process.

(ii) Industrial Investment Promotion Meeting

- The project document had been submitted to the Appraisal Section/Project Review Committee.
- The Government would like to hold the meeting in November 1991 therefore preparatory activities should commence by January 1990.
- The proposed workshop on project preparation, identification and formulation to be held in Kano and Lagos would upgrade the capabilities of personnel likely to assist in the preparation of project profiles to be considered at the investment promotion meeting.
- The project would be considered for funding under the IDDA.

(iii) Development of the Pulp and Paper Industry

- The Federal Government had established three mills in Nigeria, namely, The Nigerian Newsprint Manufacturing Company Ltd. in Oku-Iboku, The Nigerian Paper Mill Ltd. in Jebba and The Nigerian National Paper Manufacturing Company Ltd., otherwise known as the Ivopin Paper Mill. Whereas the paper mills at Jebba and Oku-Iboku were operational, the Ivopin Mill had not been fully installed and commissioned.
- With regards to the Ivopin project, Nigeria had already requested technical assistance from UNIDO to assess the existing status of the paper mill with a view to making recommendations including technical and financial requirements to put the mill into full operation.
- The project was recently approved under SIS funds and the experts should commence their assignment in the field in January 1990.
- The Government was not interested in selling any of the plants or enter into joint venture arrangement with neighbouring African States. From past experience, such arrangements had proved to be too costly for Nigeria particularly when partners failed to honour their obligations.

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re richard's project concept on "strategic management on industrial  
sector - preparation of industrial master plan for nigeria" dated  
6th september 1989. aaa) sidfa and eye have had preliminary but  
useful discussions with minister of industries. Looking at face value  
the requirement for preparatory assistance as well as those implied  
for ensuring long term project, there is need avoid what may appear  
to be "re-discovering the wheel". bbb) we discussed about opportuni-  
ties which are available through tcdc mechanism based on capacities  
of some developing countries which can be sensitized through unido.  
ccc) unido's data base on such capacities should be even more comoreh-  
ensive because of agency's past and present involvement in assisting  
other governments in exactly same areas of activities for which  
institutions of centre of excellence must exist somewhere. ddd) given  
this fact nigeria's project needs in both content and character may  
be better served if such capacities were to be pooled together to  
comoliment tasks forseen for international sub-contract and to enforc-  
e those to be carried out by team of nigerian consultants/consulting  
firms. richard's paper implies horizontal interactions but not  
specific enough. eee) if in fact this is what is envisaged in richard  
's conception of project, then unido would have to identify in good  
time short list of capacity countries/institutions from its own data  
base and also from unido's innes-south, particularly those which are  
likely to be willing to enter into tcdc arrangements with nigeria to  
impart their exoerience with unido acting as leading catalytic agent.  
fff) once nigeria's clearance has been obtained on shortlist subseo-  
quent follow-up action can be initiated by unido to work out tcdc  
terms and conditions for such collaborations. ministry finance and  
economic devolcment has to give go ahead signal for iof utilization  
to comoliment other resources including that of su/tcdc in unido under  
int/83/904 as well as from those administered by unido. ggg) regardin-  
g iof utilization, this can be done only after corresponding adjust-  
ment is made to on-going and pipeline projects to reflect require-  
ments of this new project proposal since country iof is already over  
programmed on account of same. hhh) minister of industries is very  
favourable to this approach and he would like to see that necessary  
intitiatives are taken by us on this score even at this preliminary  
stage. fmfed is already apprised on this option. iii) in light of  
forencing, please pouch as soon as possible shortlist of capacity  
countries/institutions from africa/asia/latin america/europe along  
with summary of pertinent information for review of ministry of  
industries and other allied bodies. (fre-hiwet, resident representati-  
ves)