

JOINT PROJECT IMPLEMENTATION PLAN PART I - WORK SCHEDULE		1. COOPERATING COUNTRY NIGERIA	2. PROJECT TITLE INDIGENOUS INDUSTRIAL INVESTMENT			3. PROJECT NUMBER 620-15-910-714	4. DATE (Month, Day, Year) December 31, 1968													
5. PROJECT COORDINATOR George D. Haebaker, Chief, Industrial Development Division		6. RESPONSIBLE COOPERATING COUNTRY AGENCY Ministry of Commerce & Industry, Lagos			7. COOPERATING SPONSOR Manager, IDC/Owerri															
8. NO.	9. DESCRIPTION OF MAJOR ACTIONS OR STEPS	10. PRIMARY ACTION AGENCY	11. TARGET DATES			12. TIME SPAN (Optional)														
			PREPARATORY ACTION	PHYSICAL START	PHYSICAL COMPLETION	FY- 69	FY- 70	FY- 71	FY-	FY-	FY-									
11	Participant training in the U.S. for two Nigerian counterparts	H		Jun 1966	Dec 1966															
12	Participant training in the U.S. for one Nigerian counterpart	K		Jun 1967	Dec 1967															
13	Technical and management consultations to entrepreneurs at the IDC and their plants or businesses.	H	1963	1965	*															
14	Identify investment opportunities and encourage entrepreneurship in the implementation of industrial projects.	H	1963	1965	*															
15	Design and produce proto-type model products which can be produced by local entrepreneurs.	H	1963	1965	*															
16	Conduct training programs for IDC counterparts to continue the promotion of small industry when AID assistance is discontinued.	H	1963	1965	*															
17	Setting up pilot projects which can be used for demonstration purposes.	H	1963	1965	1967															
18	Participant training in the U.S. for counterparts	K			*															
19	Continue cooperation with other development organizations	H	1963	1965	*															
20	Conduct seminars and workshops at the IDC and participants' establishments	H	1963	1965	*															
21	Evaluate applications for loans for expanding existing industries and for new industries	H	1963	1965	*															

* Because of the internal situation in Nigeria, the IDC/Owerri operation was suspended in June 1967. If reactivated, the preceding work schedule will be resumed with the following improvements:

JOINT PROJECT IMPLEMENTATION PLAN PART II - SELECTED OUTPUT INDICATORS		1. COOPERATING COUNTRY NIGERIA	2. PROJECT TITLE INDIGENOUS INDUSTRIAL DEVELOPMENT		3. PROJECT NUMBER 62-15-910-714	4. DATE (Month, Day, Year) December 31, 1968		<input type="checkbox"/> DRAFT <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION NO.	
5. CODE (For AID/x use only)	6. IDENTIFICATION OF OUTPUT AND SPECIFIC TARGETS	7. TIME PHASED ACCOMPLISHMENT							
		TO DATE	Balance of 1969	FY-70	FY-71	FY-	FY-	FY-	PROJECTED TOTAL
	<u>IDC/Zaria</u>								
	Construction of all project facilities completed and workshops equipped.	Jan 1968							
	No. of entrepreneurs who received technical assistance at the I.D.C.	70*	52*	160*	160*				442*
	No. of entrepreneurs who received technical assistance at their plants or businesses, or major centers.	180	97	178	178				633
	No. of firm investments induced	35	10	20	20				85
	No. of new projects started	26	7	12	12				57
	No. of existing projects revisited	145	65	150	150				510
	No. of seminars conducted	47	16	37	37				137
	No. of participants at seminars	613	225	470	470				1778
	No. of products developed and demonstrated	40	10	20	20				90
	No. of entrepreneurs advanced from hand tools to machinery	35	10	20	20				85
	No. of entrepreneurs who have adopted improved bookkeeping systems.	57	20	40	40				157
	No. of entrepreneurs introduced to basic market research, sales promotion, etc.	145	20	40	40				145
	No. of Nigerian counterparts receiving training in the United States	3	3	-	-				6
	No. of counterpart personnel trained at I.D.C.	10	4	4	-				18

* Plus those in attendance at seminars (workshops)

JOINT PROJECT IMPLEMENTATION PLAN PART II - SELECTED OUTPUT INDICATORS		1. COOPERATING COUNTRY GHANA	2. PROJECT TITLE INDIGENOUS INDUSTRIAL DEVELOPMENT	3. PROJECT NUMBER 620-15-910-714	4. DATE (Month, Day, Year) December 31, 1968				<input type="checkbox"/> DRAFT
CODE or AID # (as only)		6. IDENTIFICATION OF OUTPUT AND SPECIFIC TARGETS		7. TIME PHASED ACCOMPLISHMENT					<input checked="" type="checkbox"/> ORIGINAL
		TO DATE	FY- 70	FY- 71	FY-	FY-	FY-	FY-	PROJECTED TOTAL
<u>IDC/Omeri</u>		Jun 67							
IDC modernization and expansion complete and demonstration facilities completely equipped.		Jun 1962							
In June 1967 all operations at the IDC/Omeri ceased but significant outputs were realized during the period of operation. Assuming that upon cessation of hostilities the I.D.Cs will be federalized, the projected totals include estimated targets for FY 70 and FY 71 based on the project's past accomplishments.									
Weeks of seminars held at I.D.C.		40	40	40					120
No. of Entrepreneurs who attended seminars		200	200	200					600
Technical consultations provided entrepreneurs at IDC and at their businesses		1700	1700	1700					5100
No. of entrepreneurs with improved bookkeeping systems and improved management organization		100	100	100					300
No. of Industrial Reports prepared by IDC technicians		50	50	50					150
No. of Market Research Studies completed at IDC		50	50	50					150
No. of Entrepreneurs advanced from hand to machine production		9	9	9					27
No. of Entrepreneurs introducing basic market research, sales promotion, etc., in their businesses		38	38	38					114
No. of Entrepreneurs who expanded their enterprises		50	50	50					150
Businesses set up as case studies for demonstration to other entrepreneurs		4	4	4					12

AID 1020-15(5-67)

IDENT PROJECT IMPLEMENTATION PLAN PART II - SELECTED OUTPUT INDICATOR		1. COOPERATING COUNTRY NIGERIA	2. PROJECT TITLE INDIGENOUS INDUSTRIAL DEVELOPMENT		3. PROJECT NUMBER 63-15-910-714	4. DATE (Month, Day, Year) December 31, 1968		<input type="checkbox"/> DRAFT <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION NO.	
5. CODE (For AID-7A use only)	6. IDENTIFICATION OF OUTPUT AND SPECIFIC TARGETS	7. TIME PHASED ACCOMPLISHMENT							
		TO DATE JUN-67	FY- 70	FY- 71	FY-	FY-	FY-	FY-	PROJECTED TOTAL
	<u>IDC/Owerri (continued)</u>								
	No. of counterparts trained in the U.S.	3	-	4					7
	No. of Nigerian technical assistants trained in small industry management	4	4	4					12
	No. of firms assisted in securing loan assistance	30	30	30					90
	No. of IDC/designated products adopted by entrepreneurs	40	40	40					120
	<u>IDC/Ibadan</u>								
	On the assumption of federalization of the IDCs in FY 1970, output targets for IDC/Ibadan are tentative and based on accomplishments of IDC/Owerri and a personnel strength of only two advisors for the first two years.								
	No. of entrepreneurs who will attend seminars	-	20	20					40
	No. of technical consultations provided entrepreneurs	-	850	850					1700
	No. of entrepreneurs who will improve their bookkeeping systems	-	50	50					100
	No. of Industrial Reports by IDC technicians	-	10	10					20
	No. of Market Research Studies	-	10	10					20
	No. of Entrepreneurs who will advance from hand to machinery production	-	5	5					10
	No. of Entrepreneurs introducing basic market research, sales promotion, etc., in their businesses	-	19	19					38

JOINT PROJECT IMPLEMENTATION PLAN PART III - PERSONNEL REQUIREMENTS		1. COOPERATING COUNTRY NIGERIA	2. PROJECT TITLE INDIGENOUS INDUSTRIAL DEVELOPMENT				3. PROJECT NO. 620-15-910-714	4. DATE (Month, Day, Year) December 31, 1968		<input type="checkbox"/> DRAFT <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION NO.	
5. CATEGORY OF PERSONNEL		6. TIME PHASED REQUIREMENTS								7. TOTAL REQUIREMENTS	
		FY- 69		FY- 70		FY- 71		FY-			
		MM	FUNDS	MM	FUNDS	MM	FUNDS	MM	FUNDS	MM	FUNDS
A. UNITED STATES CONTRIBUTION (Funds shown in U.S. \$ Thousands)											
1. AID DIRECT HIRE											
a. U.S.		84	204	118 ²	290 ²	210 ²	473 ²			397 ³	967
b. Local		36	4	96	8	114	12			23	24
c. Third Country											
2. PASA											
a. Obligations											
b. Expenditures											
3. AID CONTRACTOR EMPLOYEES											
a. Obligations											
b. Expenditures											
4. AID INDIVIDUALLY CONTRACTED EMPLOYEES											
5. BORROWER/GRANTEE CONTRACT EMPLOYEES											
6. ² (These estimates include personnel for reactivation of IDC/Owerri and personnel required to initiate IDC-services in the Western States)											
B. COOPERATING COUNTRY CONTRIBUTION (Funds shown in equivalent U.S. \$ Thousands)											
1. CENTRAL GOVERNMENT											
2. REGIONAL, STATE PROVINCIAL OR LOCAL GOVT.		300	36	876 ²	111 ²	876 ²	111 ²			171	258
3. Local Nigerian Extension Agents		36	6	72	12	72	12			15	30
4. ² (Figures based on personnel now on staff IDC/Zaria, staff at IDC/Owerri on cessation of operations and estimated requirements for IDC/Western States)											
C. OTHER DONORS OR COOPERATING SPONSORS CONTRIBUTION (Funds shown in equivalent U.S. \$ Thousands)											
1. International Labor Organization (Leather technicians)		2	4	12	25					17 ⁵	29
2.											
3.											

AID 1020-21(5-67)

JOINT PROJECT IMPLEMENTATION PLAN PART IV - PARTICIPANT REQUIREMENTS		1. COOPERATING COUNTRY NIGERIA	2. PROJECT TITLE INDIGENOUS INDUSTRIAL DEVELOPMENT	3. PROJECT NUMBER 620-15-910-714	4. DATE (Month, Day, Year) December 31, 1968		<input type="checkbox"/> DRAFT <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION NO.									
5. FIELD OF SPECIALIZATION	6. NO.	7. I/ TYPE	8. PLANNED DEPARTURE DATE	9. DURATION OF TRAINING	10. FUND REQUIREMENTS (Shown in U.S. \$ Thousands or equivalent)											
					U.S.			COOPERATING COUNTRY								
					FY-69	FY-70	FY-71	FY-	FY-	TOTAL	FY-69	FY-70	FY-71	FY-	FY-	TOTAL
Small Industry Management	3	AU	Jan/July 1969	3 mos	11					11	7					7
Small Industry Management	6	AU		3 mos			18			18			14			14

1/ Indicate by combination of letters if participants are: 1st - A - AID Directly Financed, B - Contract Financed, or C - Cooperating Country Financed.
2nd - U - U.S. Training, T - Third Country Training or X - Combined U.S./Third Country Training

Rate of exchange:
U.S. \$1 = 35714

JOINT PROJECT IMPLEMENTATION PLAN PART V - COMMODITY AND OTHER REQUIREMENTS - TECHNICAL ASSISTANCE			1. COOPERATING COUNTRY NIGERIA		4. DATE (Month, Day, Year) December 31, 1968			
2. PROJECT TITLE INDIGENOUS INDUSTRIAL DEVELOPMENT			3. PROJECT NUMBER 620-15-910-714		<input type="checkbox"/> DRAFT <input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> REVISION NO.			
5. DESCRIPTION	6. 1/ TYPE	7. DATE RE- QUIRED	8. FUND REQUIREMENTS					TOTAL
			FY69	FY70	FY71	FY-	FY-	
A. U.S. INPUTS (U.S. \$ Thousands or equivalent)								
<u>Commodities</u>								
Equipment for Automotive Repair shop, Industry/Agro sector of project and small items required for management workshops.	A/G	Jan 1969	6				6	
Accessories and spare parts required to maintain IDC/Overri equipment	A/G	Jul 1969		6	6		12	
Equipment required to reactivate IDC/Overri (this is only an estimate as the condition of Overri plant and equipment is unknown at this time.)	A/G			50	50		100	
Commodities required to provide IDC-type services in the Western States. (Specific requirements to be determined after U.S. personnel are on board)	A/G			50	50		100	
B. COOPERATING COUNTRY INPUTS (Funds in equivalent U.S. \$ Thousands)								
<u>IDC/Overri</u>								
One vehicle	C		3				3	
General Office expenses	C		6	6	6		18	
Maintenance & Running Costs of Vehicles	C		4	4	4		12	
Operating costs of Workshops	C		10	10	10		30	
<u>Management</u>								
Logistic & Admin. Support	C			30	30		60	
Repair and furnishing staff houses *	C			30			30	
Two Vehicles *	C			6			6	

MEMORANDUM

August 12, 1968

8p.

To: Mr. R. F. Brudkart
Mr. C. J. Hurst
Mr. D. H. Kimberling
Mr. L. A. Sands
Mr. T. J. Shambaugh, Jr.

From: Hoyt C. Covington

Subject: Project Reporting Requirements USAID Order No. 43

1. References:

- a. Memo Covington to all Advisors, July 16, 1968,
Subject: Project Reporting Requirements- USAID
Order No. 43
- b. Memo Hawbaker to Covington, July 29, 1968,
Subject: Cost/Benefit Analysis-Zaria IDC and
attached Memo, Hucsmann, FRM, to Hawbaker,
23 July 1968, same subject (Attachments Nos. 1
and 2).

2. Reference 1, b, memorandums from Mr. Hawbaker and Mr. Hucsmann explain the urgent need for hard data regarding measurable effect of the IDC on increase in industry. In view of their concern over AID/W's reaction to this project, and the limited availability of such information, Ref. 1, a, list of measurements for inclusion in subject report is amended by the addition of the following headings:

- (1) New jobs induced
- (2) Additional wages created
- (3) Sales of new products

3. Although Mr. Hawbaker was previously informed of the lack of a satisfactory collecting mechanism, other difficulties involved, and of the limited results of the Director's previous efforts for gathering of substantial hard data from the small entrepreneur, assisted by the IDC, without more such data we are in the difficult position of defending the IDC on a theoretical rather than actual basis. It is thought that, under the circumstances, pending a more effective method, there is no alternative to our every effort to collect as much of such hard data as is practicable to collect at time of visits to projects.

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Attach: 1. Memo Hawbaker, 29 July -- Sub: Cost Benefit Analysis
2. Memo FRM, 23 July-Sub: Cost Benefit Analysis

Mr. Michael H. B. Adler
Director

May 13, 1968

George D. Hawbaker, Chief
Industrial Development Division

Industry Program Review
Indigenous Industry Development - Project #714

Evaluation

1. The sectorial goal aims to strengthen Nigerian efforts and institutions which will facilitate maximum industrial growth through the development of Nigerian entrepreneurs and private investment together with the encouragement of the largest possible contribution by external private enterprise and investment.

2. The project works towards sectorial objectives by:

- a. Fostering new small indigenous industries
- b. Improving and expanding existing small industry
- c. Developing new products for indigenous industry

This process induces indigenous investment in its own industrial establishment which in turn generates new wages, taxes and GDP as it becomes more efficient and expands.

3. This project can be measured in several different ways. For example, the latest Zaria/IDC inspection report sent to Washington by Airgram on 30 March 1968 lists IDC technical consultations to approximately 100 small establishments of which 40 are considered potential investment projects. Twenty of these establishments have arranged financing of which 15 were through the Small Industries Credit Scheme for a total of \$46,000. This same report lists 12 different seminars or demonstrations that were conducted for a total of participants from the northern states. Since the IDC is now beginning to develop new products, a list of these new products should provide an acceptable measure of progress. For example, as the tempo at the IDC has picked up the last few months, it has developed and built a prototype of a metal bending machine, an off-set funnel, a soap mold, a formed plywood seat press, an improved cement spreader, a metal bread pan, a dust pan, an ironing board, an ox yoke, an ox cart, a metal and wood chair, a school desk, introduced by a metal hardening process and built an improved garri grater. In the future, we want to see if we can get the amount of sales created and investment induced as a result of this IDC effort in new product development. We will also investigate to see if we can get a measurement of the new jobs created as a result of IDC activity.

4. This project should have enough potential pay-off high enough to warrant its cost. The Nigerians, according to their recently published budget, are investing £23,000 in the IDC for the coming year to cover all Nigerian expenses. If we consider the U.S. input a grant, this project should produce at least its annual cost in sales created and investment induced as a result of the IDC effort. We are making an attempt to get this kind of a measurement.

5. The IDC is presently operating under the umbrella of the Interim Common Services Organization. There are rumors that it may pass to Federal control. We would prefer this for budgetary reasons. It would also then be possible to use the IDC for all Nigeria as a training ground for other states outside the six northern states that want to engage in a similar effort.

Implementation Problems

6. The physical plant was slow in completion, and the equipment and technicians were late in arriving. Even though the IDC is not yet fully staffed, the recent addition of American and Nigerian personnel has increased the tempo of productive activity at the IDC in a most encouraging manner. Products are being developed, more seminars and demonstrations are being made to more Nigerian entrepreneurs. Indigenous investment is being made in machinery, and progress in general is becoming visible.

7. The counterparts supplied by the host country have not been as high level as desired, but to the best of our knowledge, they are as mature and well-trained as are available. The IDC was to have been staffed with technical officers but they were not available. Assistant technical officers were supplied; however, the Chief of Party of the U.S. technicians at Zaria reports that they are working out satisfactorily. We will have to be very careful not to design the IDC work load and technical sophistication to the U.S. technician's ability. Seminars, work loads, demonstrations, etc., must be designed so the younger, less experienced and less educated Nigerian counterparts can carry on after we leave.

Planning Data

8. The project phase-out date was extended to June 30, 1970, in the Work Plan after clearing with the Program Office. This will give the new Chief of Party a full two years to finish institutionalizing this project -- if he arrives within approximately two months. Also, additional expatriate and Nigerian personnel are scheduled to arrive about the end of 1968 and they will also need this extra time to develop their specialties and train counterparts. One of these will be a leather working consultant, another may be an agro-industrial development specialist. An industrial clothes manufacturing specialist is also a possibility.

9. The present staff at the IDC have tours ending as shown on the annex to this memo, and we can adjust their departure time to the project phase-out date by the use of extensions and shortened tours. This remains to be definitely determined and discussed with the Mission.

10. Now that Nigerian counterparts have arrived in greater numbers at the IDC, participant training in the U.S. is being considered. At the present time, the IDC has sent down to us suggested training at the Ferguson Company in Pittsburgh, Pennsylvania, for four of their technicians (Nigerians) for a period of about three months. This training would acquaint Nigerian IDC technicians with modern methods and practices in small industry in the U.S. The proposed schedule of departure from the IDC will not be determined until the Mission approves the training funds.

ZAHIA ILC

PERSONNEL DEPARTURE CHART (END OF TOUR)

	CY 1968	CY 1969	CY 1970
Hoyt C. COVINGTON	- - - - - 12.28.68)		
Richard F. BRUCKART	- - - - - 9.5.68)		
Charles J. HURST	- - - - -	- - - - -	1-1-70)
Delmar RIMMERLING	- - - - -	- - - - - 10.8.69)	
Leroy SANDS	- - - - -	- - - - - 1.24.69)	

**PROGRESS REPORT ON MARKET SURVEY PROJECT
NUMBER 714 PROJECT AGREEMENT 806-1
for the month of July, 1968**

August 1, 1968

CONCEPTION AND IMPLEMENTATION OF THE IDEA

The idea of a Market Survey among small industry manufacturers, and the distributors of their products, arose in April, 1968. Inasmuch as the idea visualized the employment of six students of the Institute of Administration of the Ahmadu Bello University during the summer vacation months of July, August and September, little lead-time was available to make the necessary plans for implementing the idea.

The students were selected, however, by the last week of June, and organizing meetings were begun, even though financial arrangements were still not completed with A. I. D. for supporting the activity. Dr. Chester Hunt of A.B.U. had been instrumental in initiating the plans and for selection of the survey team. For purposes of record the names and addresses of the team members are listed below.

1. Hambolu Sunday, 13 Club Street, S/Bari, Zaria
2. Daniel A. Akoda, c/o Institute of Administration, Zaria
3. A. B. Oladipo, Ahmadu Bello University, Zaria
4. Musa Abdullahi, c/o Dan Fodio Hall, Ahmadu Bello University, Zaria
5. A. Y. Kadzai, c/o Dan Fodio Hall, Ahmadu Bello University, Zaria
6. G. L. Madziga, c/o Dan Fodio Hall, Ahmadu Bello University, Zaria

Dr. Hunt's anticipated departure from Nigeria on July 7 required that completion of the plans be hastened, and after several meetings with him and the survey team, and several members of the Institute of Administration staff, questionnaires were drawn up and basic plans were outlined. A two-day survey in Zaria was undertaken to test the questionnaire, following which revisions were made in the questionnaire and plans were completed.

Meanwhile, from July 8 to 11, I was in Legos for consultation with A.I.D., and final plans for financial support to the project were completed. After my return to Zaria, the survey team was taken to Kaduna. It started its survey of small industry manufacturers and of distributors on the 15th of July, and continued through the 26th of July.

Implementation of the survey plans was greatly facilitated by the Division of Trade and Industry of the Ministry of Finance, in Kaduna. Office space was provided to the team, the Trade Officer and Chief Commercial Officer assisted the team in choosing the appropriate enterprises and distributors to interview, and encouragement was given to the team in advancing the project. Also, to a limited extent, free transport was provided, which also was a useful contribution.

Also, in order to ease the acceptance of the survey team in their contacts with producers and distributors, a letter of introduction was given to them by the Chief Commercial Officer.

Despite this letter, however, certain of the large expatriate stores, known in Nigeria as "Canteens", were unwilling to cooperate and refused to be interviewed. When this fact was brought to the attention of the Chief Commercial Officer of the Division of Trade and Industry, a further letter was written by him, and he made personal contact with these stores, after which the non-cooperating firms provided the information requested.

Work Done to Date

During the two days the trial survey was undertaken in Zaria as a test of the questionnaire, five distributors and 15 producers were interviewed. Although the questions were revised somewhat after this test survey, large parts of the data received can be employed usefully. In Kaduna, during the two weeks of surveying, an additional 48 distributors and 49 producers were sampled.

Kano Survey

Transport to Kaduna and return to Zaria, and the more recent transfer to Kano of the survey team was provided by the Industrial Development Centre. The team was taken to Kano on Monday, July 29, and the intention is that a three-week study will be conducted there.

The Division of Trade and Industry in Kano will again be the cooperating organization, and will provide office space, contacts with small industries and distributing organizations, introductory letters, and other assistance as may be needed to advance the project.

The Chief Commercial Officer has also undertaken to assist the team members in finding economical housing during their stay.

Processing of the data

Discussions concerning the contemplated processing of the data are underway with Dr. Berkelo of the Institute Of Administration Pittsburgh Team, and the Institute is expected to make available its data processing equipment for the purpose. Further reports on this will be provided when plans have been completed.

Financial Arrangements with the Team

Arrangements have been made to pay the team its remuneration and reimbursement for expenses every two weeks, the first pay period ending on July 15, the second on July 29. The attached receipts reflect, therefore, the payment of a remuneration of \$5 per week, and of the reimbursement for travel and other expenses related to the project for those periods.

Minor difficulties arise in securing a fully documented financial transaction, that might not be experienced in other places. As for example, taxi drivers or other service personnel when asked to sign a receipt frequently refuse to sign, cannot sign, or will agree to sign only if additional money is offered to them for doing so. Rather than authorizing exorbitant payments for the privilege of securing a signature, I have requested a written statement on the rear of the receipt when this occurs, and if the sum concerned is consistent with going fees for such services, have agreed to reimburse for that amount.

Difficulties I have experienced in securing a business-like handling of financial matters are gradually being overcome but close attention to these matters, even for small sums, continues to be required.

SECURITY

No particular attempt has been made here to delineate all the problems that have arisen in implementing this project, but there have been many. Fortunately they have not been of the nature that would seriously impede the progress of our program, and we have, up to now, advanced without major interference. All-in-all, I am fairly well pleased with our progress and am confident that we may continue sufficiently well to attain the ends we are seeking.

Richard F. Bruckart

By the early 1960's, southern Nigeria had significant incipient small industry and northern Nigeria needed to move beyond the role of supplier of raw materials in exchange for imported finished products. The small businessmen in most parts of Nigeria were still essentially working under generations-old handicraft traditions both in production methods and management philosophy.

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Proposing to develop and strengthen the small industry sector, AID financed the Indigenous Industry Development project with a commitment of \$2,280,000 and a Nigerian contribution of \$565,000. The project began in 1961 by offering training to selected businessmen or potential businessmen in a number of basic businesses (metal shops, bakery, sewing, furniture manufacturing). Businessmen came to the centers and some center staff visited businessmen or potential entrepreneurs.

The project was judged at this point to be a failure. Not enough new commercial activity was flowing from the activity. Clearly changes were required. The training took businessmen away too long from their businesses and exposed them to new production mechanisms they couldn't use because of shortages of capital. "Potential entrepreneurs" were hard to spot.

The project was redesigned to drop trying to identify "potential" entrepreneurs and to provide both technical and capital assistance to existing small businessmen who had clear needs and, often, who proved in the classroom that they knew how to take advantage of new management and technical improvements.

By the late 1960s a revised project linked a credit program originally organized by the Ford Foundation, the technical assistance of the Industrial Centers and the commercial banks. Loans to small businessmen, a sector previously not at all served by the commercial banks, became possible if the Centers approved the project as technically and managerially feasible and if (through Ford Foundation help) the loans were guaranteed by the participating Nigerian states. This new combination of technical and financial help proved successful.

Over time, the guarantee feature was reduced and the commercial banks came to rely more directly upon the technical recommendations of the industrial centers. An evaluation by AID in 1971 concluded that the costs of the program were well exceeded by its benefits. At that

time some 96 small industries covering over \$1.5 million in new investment had resulted from the new package of assistance. The Centers' Pre-investment Proposal Studies resulted in 130 loans for a total investment of \$1,742,000. The staff had presented machine shop techniques to almost 2,400 Nigerian entrepreneurs and trained fourteen counterparts. Because of evidence of project success, AID ended its role in 1972.

The World Bank considers this approach to have been extremely helpful. At the request of the Government of Nigeria, the Bank is currently exploring the possibility of building on this approach and is planning to work with the Nigerian Government to expand the coverage of the program across Nigeria.

PPC/E/S:CClapp/rac
3/1/79

PD-AAA-857

IDC;
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4p
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6/10
6/170

DRAFT AIRGRAM TO LAGOS

REF: PAR 620-15-910-714
PROP - TOAID A-413

The above documents have provided AID/W with historical and current operating details about the Zaria Industrial Development Center which are greatly appreciated. A review of these documents by the interested offices resulted in the following reactions.

AID/W planning and the C.P. looked to a wind-up of this project by June, 1970. The reasoning was that the project would have been supported by A.I.D. for five years at that time, and the then appraisal of the cost-benefits did not warrant continuance.

The above documents have assumed continuance of A.I.D. support to the project through FY 1971. With a new American project director who has revised the approach of the American staff, with a Nigerian counterpart for each American technician, and with the interest of the Federal Government becoming an important factor, the USAID has provided estimates for the extension of the project through FY 1971.

While sympathetic to the situation described, AID/W submits that a justification is necessary for extension, in light of the decision last year to terminate in June 1970. The proposed extension will require specific reasons for changing this decision. The points which AID/W suggests need strong and positive support, are the following:

- a. Federalization of the Zaria IDC. This is "anticipated".

To justify extension of AID support, firm information on the status of "federalization" must be given, and what changes this would effect in the scope of the project.

b. State support. If Zaria IDC is federalized, what will be the result in terms of support by the six northern states and the extent of their cooperation. Specifically, how is it planned to involve each of the states in terms of manpower, money, and material.

c. Peace Corps involvement. Involvement of the six States and their commercial officers opens the possibility for a new approach to the Peace Corps. Can they be persuaded to participate on the state level and to provide PCV's specifically trained in industrial development techniques? This involves men trained in engineering, finance, marketing, accounting, sales, and similar talents. PCV's could be stationed in each State with central supervision from Zaria. They could help monitor SIC loans regularly.

d. Federal-State funding support. Paragraph 088 of the PAR says that the loan service for small industry "was discontinued in March 1968. Plans for establishment of necessary government credit services are under active consideration by each of the six northern states and the Federal Government." Obviously, this is not a satisfactory situation. Specific information is required as to the deposits of funds by the States and the Federal Government.

e. Paragraph 094 states that "Present authorities responsible for the project have not displayed either the intent of capability to sustain and expand after termination of U.S. support. Federalization of project is planned as corrective action." (Underlining supplied.) This situation does not bode well for Federal-State relationships. The lack of interest by the States may be detrimental to the argument for extending the project. On this point, ^{specific action must} [positive results] must be obtained to justify extension.

The Senior Advisor plans to work through Commercial Officers and expand the program in terms of "businesses contacted and benefited."

This new approach should be explained more fully in light of the problems raised above. It appears that it is desired to concentrate more effort in Zaria rather than to cover the "wide area" in the six Northern States. Does this mean more concentration on the training aspects of Zaria rather than on-the-job assistance to businessmen?

The IDC has added an Agro-Industry Advisor to design and develop farm machinery. A fuller explanation would be appreciated. Should not even more effort be devoted to developing agri-business? The Senior Advisor should develop a Work Plan and indicate his priorities for each technician.

Zaria counterparts have been trained at Cambridge by A.D. Little but have moved on to other jobs. The Nigerians must assume full control of Zaria in the future. Should not special effort be made to train counterparts at ADL and to obtain commitments from the Governments that the men will be retained at Zaria on their return?

A marketing survey was done by students of the Institute of Business Administration, Ahmadu Bello University. Looking forward to the time when Nigerians will run Zaria, shouldn't more effort be made to involve the faculty and students of ABU in the industrial development at Zaria.

The small industry loan operation by Ford Foundation has terminated. The Ford Foundation provided financial technicians to the small loan scheme, but apparently have discontinued this help. What is being done

to replace the technicians from Ford Foundation? Are Nigerians now sufficiently trained to run the loan program? Who will run the loan operation of the six states? Will the Federal Government provide the bank technicians or will the states? ¶ In TOAID A-413 it is said on page 13 that the "loan portfolio (of the former loan operation) is currently being divided and turned over to the six states as a nucleus for beginning their own individual state small industry loan scheme." This statement should be reconciled with the apparent desire of the Senior Advisor to concentrate technical work at Zaria. ¶ Paragraph 089 of the PAR points out that "plans for the establishment of necessary government credit services are under active consideration by each of the six northern states and the Federal Government." Businessmen in each state would have a local credit institution to visit. How can the technicians at Zaria help to review these loans at six locations and give the continuing help needed and supervise the operations of the loan after it is granted. ¶ When 094 says that "Federalization of project is planned as corrective action," Does this mean federalization of the credit schemes in each one of the six states? Does it mean Federalization of the portfolio being distributed to the six states? Why was the Portfolio of loans, made centrally originally, disbursed to the six states? Some study of the merits of centralization vs. decentralization must have been made. Or, was this purely a political decision? Is it a good one?