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PROGRAMME PLANNING

Country and intercountry programmes and projects

THIRD COUNTRY PROGRAMME FOR NIGERIA*

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
1987-1991	IPF for 1987-1991	30 637 000
	Third cycle balance	2 400 000
	Other resources programmed	17 953 000
	Total	50 990 000

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* Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) planned activities of operational funds and programmes under the authority of the Administrator; (e) distribution of new country programme by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. During the period 1972-1981 Nigeria underwent far-reaching economic changes wrought by the sudden increase in the price of oil which brought into the country unprecedented revenues. To maximize the benefit of such enormous wealth, the Federal Government adopted a development strategy which aimed at diversifying the economy through investment in economic, social and infrastructural projects and programmes.
2. While many decisions taken with regard to the allocation of large sums did not produce the results expected, it is undeniable that the significant amounts of oil revenues injected into the economy resulted in visible development in transport infrastructure (roads, ports and airports) power generation capacity, petroleum refineries and manufacturing, the last of which grew during the decade at an annual rate of 10 per cent. Education rapidly spread at all levels, particularly primary enrolment which increased dramatically from 35 per cent to 70 per cent during the decade. Health services significantly expanded, too.
3. During the period 1973-1983, no programme was adopted to stimulate agriculture and agro-industry and agriculture remained virtually stagnant; grain production barely kept pace with the rate of population increase and the production of root and export crops actually declined. Thus, beginning in the mid-1970's, Nigeria became a major food importer.
4. As a result of the "oil syndrome", the rate of inflation rapidly increased. The national currency appreciated to an unrealistic level and the relatively high cost of production (high wages for farm workers) discouraged new investments in agriculture and agro-industry. As a consequence, a great deal of investment was diverted to service industries, including trade and construction, as well as assembly plants.
5. In 1981, the country experienced a current account deficit of \$US 6 billion. The export receipts from oil continued to decline because of the general fall in petroleum prices and the deficit was financed by drawing on the nation's reserves, as well as by resorting to substantial external borrowing. Simultaneously, federally collected budgetary/fiscal resources declined markedly because 60 per cent of the Government's revenues derived from the oil sector. In consequence, large budget deficits were recorded during 1981-1983 (8 per cent of gross domestic product (GDP)). During the same period GDP declined at an average annual rate of 5 per cent.
6. As the fourth National Development Plan was no longer applicable, by and large, successive Governments heavily relied on annual budgets for public investment and economic policy articulation. Accordingly, at the present time, the medium-term structural adjustment programme and the 1986 federal budget form the basic policy instruments of the Government.
7. The external financial situation deteriorated rapidly with trade payment

arrears mounting at an accelerated rate. The Government tried to negotiate the rescheduling of trade arrears which amounted to about \$US 5 billion in 1984. At the same time, it continued to impose severe austerity measures to curb public expenditures and imports. Debt service ratio by then had reached 45 per cent.

8. The price of oil continued its downward trend in 1985, while trade arrears and other external debts totalling \$US 18 billion posed intractable difficulties. At this stage, imports were being severely curtailed and, because manufacturing was highly import-intensive, the industrial sector experienced severe constraints because of lack of spare parts and raw materials. Consequently, a large number of industrial workers were laid off from 1984 to 1986. The Government was undecided as to whether or not to take a proposed International Monetary Fund (IMF) Extended Fund Facility of \$US 2.5 billion because of the perceived consequences of the Fund's proposed economic reform package.

B. National development strategies

9. It was at this critical juncture that a new military government took power on 27 August 1985 and declared a 15-month state of national economic emergency and postponed the launching of the fifth Five-Year National Development Plan which was to have been implemented in January 1986. The announcement stated that the plan was being delayed by one year. However, in view of the uncertainty in the oil market, the Government has not yet decided whether it should have a medium-term development plan or an annual Public Investment Programme.

10. Upon assuming power, the new leadership immediately identified the following economic and social problems besetting Nigeria: huge foreign and domestic debts, rapidly declining per capita income; a high rate of unemployment; severe shortages of raw materials and spare parts for industries and a high rate of inflation. The nation was called upon to make sacrifices by forgoing imported luxuries and to reorient their consumption pattern to domestic-based goods and services. To cope with the grave economic situation, the Government announced other important economic recovery measures which aimed at: (a) enhancing government revenues; (b) correcting structural distortions in the economy, mainly through adjusting the exchange rate of the currency; (c) severely curbing imports; (d) strengthening the international competitiveness of Nigeria's products through structural corrections and export promotion; (e) reducing inflation largely through stepping up the production of all foods, particularly cereals, root crops, poultry and strengthening price controls on a few essential items; (f) reducing unemployment through encouraging an urban-rural flow of people and promoting the expansion of those industries which rely largely on local materials.

11. A 30 per cent surcharge was imposed on all imports in order to enhance government revenue, as well as to discourage imports and encourage domestic production. The Government declared that, since the country could not afford to allocate 45 per cent of its foreign exchange earnings to debt servicing, steps were to be taken to start negotiating both with the Paris Club and London Club of Creditors to reschedule Nigeria's long-term and short-term debts. Exports were to be given fiscal and infrastructural incentives.

12. The procedure of foreign exchange allocation was to be closely scrutinized with a view to rationalizing the allocation of foreign exchange to importers. In the allocation of foreign exchange, priority was given to drugs and medicines, pesticides, agricultural inputs and equipment and raw materials for essential industries.
13. The IMF proposal for a \$US 2.5 billion Extended Facility was not endorsed by the new Government. Both the Government and the public opposed a precipitous devaluation of the national currency and liberalization of trade, two measures included in the IMF policy package. Both were perceived as exacerbating the import situation, which was not responding sufficiently to a number of austerity measures imposed by the previous Government.
14. The IMF had stipulated the removal of subsidies for domestic petroleum products as a condition of the Extended Fund Facility. Despite the new Government's decision not to take the IMF loan, some of its recommendations were adopted; subsidies were largely abolished, making the price of petroleum products in Nigeria comparable to international prices.
15. All citizens were asked to contribute to the Economic Emergency Programme. Graduated deductions from wages and salaries (ranging from 2-20 per cent) in both the private and public sectors, were part of the national sacrifice. A surcharge of 5-15 per cent was also imposed on the after-tax profits of oil companies and on all dividends and rents after withholding tax.
16. An intensive effort was to be made towards self-sufficiency in cereals and in root crops. The policy was of overriding importance, as the new Government had earlier banned the importation of maize and rice, for which the country annually spent about \$US 400 million. Self-sufficiency in cereals was to be achieved through a significant increase of government resources allocated to rural development and agriculture, as well as through requiring commercial banks to devote 15 per cent of their lending operations to agriculture focusing on the small farmer. To oversee rural development, a new directorate was established within the presidency; its substantial financial resources are the result of terminating the subsidy of petroleum consumption.
17. Thus the Government embarked on the implementation of the IMF structural adjustment measures without in fact resorting to the Fund's resources.
18. While the Government was preparing to implement the austerity measures enunciated in the 1986 budget, the price of oil in the international market further plunged to almost half of what it had been when the budget was enacted at the beginning of the year - that is, from \$US 21 to \$US 12 per barrel in April 1986.
19. The collapse of the oil market and the gravity of the external debt, coupled with capital flight and the reticence of new investors to take risks, have led the Government to issuing a decree to provide for a second-tier foreign exchange market. The second-tier foreign exchange market would also replace the much-abused import licensing system which led to many undesirable practices. At the same time, through administrative measures, the Government will adopt the "crawling peg"

policy so that the first and second-tier foreign exchange markets will eventually converge. The Government believes that these measures will correct the external imbalance of the Nigerian economy considerably.

20. To finance the second-tier foreign exchange market, the Government has obtained a non-project loan of about \$US 450 million from the World Bank; it plans to provide the bulk of the required funds from its own source. It is estimated that about \$US 4.5 billion per year would be sufficient to finance the second-tier foreign exchange market through which most external transactions will be channelled, except those import items which are banned as unessential to the country. Nigeria's creditors have, by and large, tacitly agreed to the Government's latest strategy to deal with the debt and foreign exchange crisis.

21. UNDP's participation in the economic recovery programme is to be determined in that framework according to its mandate, mainly in capacity building and rational use of human resources.

C. Technical co-operation priorities

22. Despite significant investment in education, including institutions of higher learning, the civil service, by and large, remains weak. According to the conclusion of a workshop on the country programme recently organized jointly by the Government and the UNDP office in Lagos, the country needs many expatriate personnel. In the past the Government had employed a large number of foreign and expatriate teachers, lecturers, physicians and technical personnel for social and economic activities occasioned by the oil boom. Thus, hundreds of millions of dollars were annually spent by the public sector alone on foreign personnel. Nigeria still employs a significant number of foreigners though on a much smaller scale, because the totality of technical assistance on a grant basis provides only a fraction of the nation's requirements.

23. It was in recognition of the need for more technical assistance that the World Bank loaned Nigeria \$US 13 million in 1985 for modernizing the Federal Ministries of Finance and National Planning. But the country's need for more assistance in this regard is borne out by a recent Bank report, which concluded that there was an acute shortage of experienced planners, economic managers, systems designers, and other professionals in these two co-ordinating ministries alone.

24. Within the context of the development strategy outlined above, the Government wishes to request UNDP assistance in the following sectors:

(a) Agriculture

25. The Government's strategy is to increase agricultural production through higher agricultural credits and the improvement of rural infrastructure and marketing organization. The World Bank, UNDP and the Food and Agriculture Organization of the United Nations (FAO) have been requested to give priority to extension services, to agricultural research and to the modernization of farming methods. Additional rural development assistance is sought from UNDP for rural

water supply and sanitation. Further, various incentives for increasing agricultural production and exports have been offered to farmers and exporters.

(b) Industry

26. Nigeria's industrial policy was based on the assumption that the country could indefinitely import raw materials and spare parts. This is no longer the case, as the scarcity of foreign exchange is undermining the country's industrial base. UNDP and the United Nations Industrial Development Organization (UNIDO) have recently assisted the Government in a survey of the industrial sector. The result of this study is a number of projects that will be implemented during the present programme cycle to restructure Nigeria's manufacturing industry in order to reduce substantially its dependence on imported raw materials and spare parts.

(c) Reinforcing government capacity to manage the economy

27. In the area of economic management, the United Nations system is called upon to strengthen the monitoring and evaluation capacity of the Government. The Federal Ministry of National Planning intends to use IPF resources to establish a national data bank, to strengthen the National Centre for Economic Management and Administration and to enhance the capacity of the Federal Ministry of Planning to undertake perspective planning. To facilitate planning and its implementation as well as decision-making, the Government has also decided to establish a computerized national data bank as well as agricultural and industrial data banks. UNDP's assistance is sought in this regard.

28. As part of the ongoing dialogue between the Government and the United Nations system, a two-day Country Programme Workshop was organized in July 1986 to focus in particular on Nigeria's need for technical personnel over the medium-term of five to 10 years. The conclusion of the Workshop was that Nigeria would continue to need external technical assistance on grant basis in certain crucial development areas: economic management and planning, agricultural modernization and scientific research, computer technology, the development of metallurgy and the steel industry and the modernization of the aviation industry. In other areas, such as rural water supply and sanitation, primary health care and education in general, Nigeria will seek from the United Nations short-term consultants, specialized training for key personnel and some equipment.

29. As part of its development strategy during this period, Nigeria will press its development and trading partners to review their perception of Nigeria as a relatively wealthy nation which does not need concessional aid. While Nigeria's export of petroleum has generated significant resources for Nigeria in the past 10-15 years, the rapid growth of population, currently estimated at 100 million, together with the loss of an enormous amount of income from the collapse of the oil market, make Nigeria a low-income country which needs assistance on terms as concessionary as possible.

D. Aid co-ordination arrangements

30. Most technical and capital assistance programmes, except those of the World Bank, are, as a matter of policy, co-ordinated by the Federal Ministry of National Planning. The World Bank deals with the Federal Ministry of Finance in negotiating loans for projects which are prepared with and under the supervision of the Federal Ministry of National Planning. The latter reviews project documents to ensure technical viability and adherence to the national development strategy. Similarly, after a loan agreement has been signed, its implementation is closely monitored by this Ministry.

31. The rest of the United Nations system channels its technical assistance through the Federal Ministry of National Planning. While doing so, the specialized agencies of the United Nations also maintain close working relationships with their counterpart Ministries through both project formulation and execution.

32. The Government recognizes the need for co-ordination among the donors in order to avoid duplication and wastage of time and administrative efforts. This need is felt particularly among United Nations system agencies in view of the simultaneous diversity and similarity of their mandates. Therefore to achieve co-ordination, the Government, through the Federal Ministry of National Planning, has given support and encouragement to the Resident Co-ordinator of United Nations Operational Activities for Development who is also the Resident Representative of UNDP. The Government's observation has been that United Nations agencies have achieved a satisfactory degree of co-ordination among their programmes.

33. Although no decision has been taken to formalize its co-ordination modality through the Consultative Group or other forms of donor groups, the Government will endeavour to enhance its capacity to co-ordinate its dealings with United Nations system agencies and other donors. The Federal Ministry of National Planning will be strengthened for this purpose. At the same time, government departments will be requested to make greater efforts to adhere to government guidelines in dealing with aid donors.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

34. The contents of the second country programme derived from the development objectives and priorities embodied in the Government's Fourth National Development Plan (1981-1985). The second country programme was prepared at a time when UNDP's central resources were diminishing, while Nigeria's economic situation was still viewed optimistically. This resulted in a Government agreement to augment IPF resources through programme cost-sharing estimated at \$US 9.16 million for 1983-1986.

35. However, UNDP resources have been supplemented by Government cost-sharing contributions of only \$US 3,105,000 for projects and \$US 4,030,000 towards the overall programme, a total of \$US 7,135,000 during 1982-1985. IPF resources have

been further supplemented by \$US 750,000 from the Emergency Operations Trust Fund for a project to assist drought-affected areas.

36. The reduced resources, both IPF and Government cost-sharing, prevented some of the new projects which had originally been included in the programme from being implemented. However, six new projects (all in the education sector) which were not in the original country programme document, were identified by the Government and UNDP at a subsequent review and financed within the current programme. This explains the rise in the percentage of IPF resources allocated to the education sector and the corresponding decline in other sectors as indicated in the table below:

<u>Sector</u>	<u>Percentage allocation of IPF</u>	
	Original	Current
General development issues, policies and planning	10	9
Natural resources	3	5
Agriculture, forestry and fisheries	37	32
Industry	16	7
Transport and communications	7	11
Human settlements	5	4
Health	2	2
Education	10	17
Employment	9	12
Science and technology	1	1

37. At the beginning of the programme, there were 60 ongoing projects which had started during the previous cycle. Forty-five of these projects had terminated by the end of 1985 and the remaining 15 continued into 1986. Of the 37 new projects approved, five represented new phases of previous projects. Twelve of these new projects have already been completed. Thus, all in all, there were 40 approved projects at the end of 1985, of which 10 had not yet started. Twenty more projects will end before 1987, so that 20 projects will together commit about \$US 5 million or 16 per cent of total IPF for the next cycle.

38. The large number of projects carried over from the first country programme and their wide sectoral coverage was the result of failure to programme the UNDP financial contribution systematically. This, in turn, reflects the fact that the IPF represented a relatively small pool of resources from which various ad hoc requests were met. Accordingly, the 60-odd projects largely reflected disparate, unrelated and unco-ordinated requests from various government departments, rather than a coherent programme aimed at contributing systematically to the achievement of priority objectives. Even during the implementation of the programme, at least during its earlier years, there was a tendency to view projects in isolation and there was no systematic attempt to foster linkages between projects or overall

programme coherence. As a result, the current programme's impact has been both fragmented and limited.

39. Notwithstanding these somewhat disappointing observations on the second country programme as a whole, some of its projects have contributed to building Nigeria's capacity for development. Examples of such successful projects include: a project executed by the International Labour Organisation (ILO) establishing an Industrial Training Fund for staff of vocational training centres, FAO-executed projects which have successfully established forestry management services, a Federal Fisheries School, a Horticultural Research Institute, a Pilot Artisanal and Inshore Fisheries Development Centres in each maritime state, a UNIDO-executed project establishing a National Office for Technology Transfer, a project executed by the United Nations Educational, Scientific and Cultural Organization (UNESCO) establishing a centre for training in the maintenance and repair of school science equipment.

40. At the other extreme, some projects had to be abandoned because achievement of their objectives was no longer considered feasible, given the time and the resources allocated. An attempt to establish a unit for training technicians in hydrology, hydrogeology, irrigation and water supply had to be postponed indefinitely because of a combination of factors, including poor initial project design, over-ambitious objectives, delayed inputs by both the government department and the executing agency concerned and poor selection of national candidates for training. Between the extremes of successful and unsuccessful projects lie the majority of projects, the impact of which has been severely constrained by a number of common problems.

41. Some of the major constraints commonly experienced by UNDP-funded projects during the second country programme should be indicated because of the experience they may provide for the next cycle. They may be summarized as follows: projects operating in isolation without interrelationships and/or complementarities; lack of appropriately qualified counterparts in some projects; delays in the submission of candidates for expert posts by some executing agencies; delayed clearance of experts by the Government.

42. The second country programme lacked a theme and concentration. It did not encompass projects which had high priority within the national development strategy. Many ongoing projects were extended without a critical review of their continued relevance to this strategy. During the last two years, efforts were made by both the Government and UNDP to reorient the Programme to enhance its relevance to the country's development issues and respond to the ongoing structural adjustment programme.

43. The third country programme is formulated in such a way as to avoid the obstacles which impeded the implementation of the second. The programme must be coherent in order to achieve its objectives. To the greatest possible extent, projects must be interrelated and complementary in order to have impact. Everything possible must be done to avoid weakening the programme through ad hoc decisions to introduce projects not envisaged in the country programme, unless a systematic revision of the current programme is required. The Government, for its

part, will strengthen the monitoring capacity of the Federal Ministry of Planning in order to ensure the efficient execution of projects in the country programme.

B. New programme proposal

44. During the country programming exercise, various recent government policy statements and the 1986 budget provided the broad strategy for development. Accordingly, the third country programme was prepared to adhere to the development strategy of the Government. Individual projects were finally selected through a rigorous procedure subjecting each project to the test of whether or not it contributed to the achievement of the Government's declared objective of overcoming the present economic crisis and/or promoting the process of sustained long-term economic and social development. In order to achieve its objectives, interrelated projects have been selected to form the basis of the country programme. These projects fall within the following four broad development objectives absorbing 90 per cent of the IPF resources and the Government cost-sharing contribution, with 10 per cent kept as unprogrammed reserve: (1) agriculture and rural development; (2) industry and technology; (3) human resources development, employment and capacity building; (4) aviation and infrastructure - complementary assistance to sectors of concentration.

45. In deciding on the sectors and projects to be assisted by UNDP, the Government has taken into account both the relatively short gestation period of developing and starting up a UNDP project and its prompt disbursing nature. Further, the Government recognizes the neutrality and universality of UNDP assistance and its potential for attracting other donors. The flexibility of UNDP's assistance in blending with capital assistance provided by multilateral financial institutions either at the preinvestment stage or later, is another attractive characteristic of UNDP's assistance.

46. The Government has decided to make a significant funding available to the country programme in the form of cost-sharing in order to ensure that the programme is adequately financed to accommodate the projects which would have otherwise been left out. The cost sharing contribution amounts to 54 per cent of the total IPF for the fourth cycle, \$17,203,000.

Agriculture and rural development

47. In the agricultural sector, the Government has adopted a strategy to achieve self-sufficiency in food and at the same time diversify the country's exports and thus reduce its dependency on oil. Self-sufficiency in food is also accorded highest priority in order to conserve the large amounts of foreign currency now spent for importing cereals. Export crops such as cocoa, groundnuts, palm produce, and natural rubber, which together constituted 95 per cent of Nigeria's exports in the late 1960s today represent only 5 per cent the country's total export receipts. The encouraging growth trend of agriculture in 1985 indicates that with discipline, careful planning, and effective mobilization of the private sector, Nigeria can increase production of these commodities and regain the country's position as a major exporter of agricultural and agro-industrial products. The

Government also sees rural development as a separate, but equally important objective of its development strategy.

48. The Government has committed more than the usual percentage of its capital and recurrent budget to the twin objectives of agricultural and rural development. However, considering the recent adverse developments in the international oil market, Nigeria is seeking external assistance from her major development partners namely UNDP, the World Bank and the European Economic Community (EEC).

49. Thus, within the objective of self-sufficiency in food and rural development, the Government proposes that UNDP assistance be concentrated in the following specific areas: (a) agricultural extension services; (b) development of seed services; (c) agricultural data bank; (d) palm oil research; (e) integrated rural fisheries development; (f) post-harvest loss; (g) settlement of nomadic pastoralists; (h) assistance to developing the skills of rural women; (i) co-operatives; (j) rural water supply and sanitation; (k) introduction of modern education to nomadic families.

50. Existing agricultural extension services have not been able to bring to the farmers effectively the findings of research institutions on land use, farming methods and improved seed varieties. Existing extension service programmes do not adequately use development support communication. The proposed extension services project will emphasize training in effective communication with farmers, including a more extensive use of radio. Another weakness of existing extension services is that they do not make any particular effort to give special attention to rural women and youth. This will be an important innovation of the proposed project.

51. The Government has sought for some time to encourage small informal irrigation schemes to be built and managed by small farmers. The cost-effectiveness of small irrigation schemes has never been studied comprehensively. The multi-billion-dollar large-scale irrigation systems undertaken by the 11 river basin development authorities have not yet demonstrated their viability. The proposed study will also include an inquiry as to whether or not existing river basin development authorities can feasibly undertake the construction of small village-type irrigation schemes. As no project has been formulated articulating the proposal, no specific funding figure can be provided at this stage.

52. Another priority area is the national seed service. UNDP and FAO have assisted the Government in the past in establishing the national seed service within the Federal Ministry of Agriculture. The Ministry has thus been able to organize the production and distribution of improved varieties as well as co-ordinate the availability of seed at the national level. Two regional centres have been fully developed with infrastructure facilities for seed testing, drying, processing and storage.

53. Now the service has to reach millions of farmers and the need for quality control is greater. Government staff require high-level training to upgrade their technical knowledge before they can certify the quality of seeds such as rice, sorghum, maize, millets, wheat, cowpeas, groundnuts and vegetables, as well as cassava. Assistance is also needed in establishing a semi-autonomous,

semi-commercial national seed service capable of providing service to both the private and public sectors in grading seeds. The installation of various testing equipment and training in its use will only require short-term consultants. The Government is already benefiting considerably in this area from the research done by the Institute of International Tropical Agriculture (IITA) which is supported by the Consultative Group for International Agriculture Research (CGIAR) to which UNDP generously contributes through its global Programme.

54. The Government also wishes to establish a computerized agricultural data bank to improve the present situation in which data on all aspects of agriculture are scattered throughout the federal and state machinery, making agricultural decision-making extremely difficult. This applies particularly to price structure, cropping patterns, agricultural wages and similar problems. Therefore UNDP assistance in this effort is particularly important.

55. The Government's policy is to make the country completely self-sufficient in the production of oil palm and stop a serious drain on the country's foreign exchange reserve. The population's staple diet is composed of cassava, yam, millet and sorghum - all rich in starch. It is vital to supplement this diet by palm oil, which is rich in vitamin A. Therefore, improvement in the processing of palm oil and a large-scale increase in the production of seedlings is of utmost priority for the Government. UNDP co-operation is now considered crucial to give the Nigerian Institute for Oil Palm Research (NIFOR) the support it needs to accelerate the production of appropriate processing equipment and make extension services more readily available to producers so that palm oil production can significantly increase to meet the high domestic demand for oil. The Government also wishes to introduce the technique of tissue culture in the supply of improved seeds and seedlings of oil palm. It needs the support of the United Nations system to bring the present level of 7.5 million seedlings up to the goal of 15 million seedlings in 1990. Experts in the field are urgently requested to strengthen the capacity of NIFOR for this enormous task.

56. Artisanal fisheries are vitally important for Nigeria since 90 per cent of the country's catch is derived from artisanal fisheries. During the third country programme the establishment of an integrated rural fisheries development Centre which will serve as a model for other centres is proposed. The activities of the Centre will include: consolidation of ongoing development activities; supplementing these activities with other technological inputs such as training in boat building, increased use of refrigeration and improved transportation; efforts to integrate fishing communities into the national development process by providing for their economic and social needs. With the support of UNDP and FAO, it is expected that the income of the fishing communities will increase, that the supply and quality of fish will increase, and that, in general, the quality of life for the communities will improve considerably.

57. Post-harvest losses represent a serious drain on Nigeria's food resources. Estimates of loss through rodents, insects and natural elements vary from 25 to 40 per cent of total production. The Government therefore intends to develop a national programme for the prevention of post-harvest losses. Institutions such as the Nigerian Stored Products Research Institute, the National Root Crops Research

Institute, and the National Agricultural Research Institute are to be strengthened both in terms of equipment and personnel, to investigate, among other things, the nature and extent of post-harvest losses, as well as to evaluate the costs, benefits and acceptability of various technologies for prevention of loss. UNDP and FAO support is considered critical in assisting the Government to design storage facilities, select processing equipment and mobilize commercial agents, manufacturers, artisans and co-operatives in adopting various technical and financial options for preventing food loss.

58. As part of its strategy of self-sufficiency in food, as well as its policy of stimulating the rural economy, the Government has embarked on a programme of settling nomadic pastoralists who own 90 per cent of the nation's cattle resources. Because the south and the middle belt of Nigeria are infested with the tsetse fly (the carrier of trypanosomiasis), the cattle population is traditionally concentrated in the north. However, with population pressure and the effects of drought, the traditional grazing areas in the north are diminishing at an alarming rate, resulting in the movement of Fulani nomads to the more southerly sub-humid zone which they had hitherto occupied only during the dry season. As the sub-humid savannah of Nigeria (like the rest of the West African savannah) is fertile, farmers are also immigrating there and thus increasing pressure on land.

59. Settling nomads is a complex undertaking, involving not only sociological and economic issues, but also technical considerations ranging from experimenting with the best fodders to training in the production of such goods as butter ghee and cheese which are unfamiliar farming activities for the nomads. It is in these tasks that the Government seeks UNDP support during the fourth programme cycle.

60. Women constitute a large percentage of the rural work force in Nigeria. Another important rural development effort, therefore, in which UNDP and FAO assistance has been sought is the involvement of women in all aspects of rural transformation focusing on those activities into which women are already making inroads. Training in food processing, preservation and transportation will be part of the project.

61. The co-operative movement, although recognized as the most viable institutional framework for promotion for the agriculture and rural development by the Fourth National Development Plan, has not developed sufficiently in Nigeria. Weak marketing infrastructure and management skills have been identified as the two major bottlenecks to its development. The Government therefore wishes to have UNDP assistance in establishing two institutions, namely the Nigerian Agricultural Cooperative Marketing Organization and the National Agricultural Co-operative Management Centre in order to deal effectively with the constraints indicated above. A massive members' education programme is intended to enable co-operative movements to be a self-propelling social and economic force for development.

62. A project in rural water supply and sanitation has been incorporated into the third country programme in accordance with the priority the Government has given to overall rural development. The project will involve sinking bore-holes, digging wells and installing pumps for drought-stricken communities. It will also involve the installation and demonstration of ventilated improved pit latrines (VIP), using

data produced in other countries by the UNDP global and interregional projects on low-cost sanitation executed by the World Bank. Accordingly, UNDP, with the World Bank as the executing agency, will assist the States of Borno, Benue, Rivers, Ogun, Ondo and Abuja while the United Nations Children's Fund (UNICEF) will operate in Niger, Anambra, Oyo and Plateau States.

63. With the assistance of UNDP and UNESCO, the Government wishes to expand education among the nomadic Fulani tribes in northern Nigeria. This project is given particular emphasis since it is designed to integrate Fulani nomads into the national economic and social development process. The concept of the mobile school and adult education will be extensively applied.

64. For many years, the World Bank has been Nigeria's largest development partner in the sector of agriculture. For a series of 14 ADPs (Agricultural Development Projects) alone, the Bank has lent Nigeria over \$US 1 billion. An ADP is an integrated rural development project which concentrates resources on a few key activities and inputs focusing on small farm production. ADPs aim primarily at increasing food production, but also strive to improve the quality of life for rural communities. The Bank has also recently lent Nigeria \$US 71 million for farm forestry development.

65. The EEC has agreed with the Federal Government to concentrate on agro-forestry, erosion control, forestry, rural electrification and water resources development (shallow tube-wells and small earth dams). EEC will co-operate with the Government to strengthen the national capacity to undertake agricultural development planning at the Federal level.

66. The Government wishes to allocate a total of \$US 16,815,000 from the IPF to agriculture and rural development.

Industry

67. In the industrial sector, the critical problems facing Nigeria are the shortage of industrial raw materials (which in most cases are agricultural produce), and spare parts, as well as inefficient industries which cannot survive without a high tariff wall. Many industrial establishments are working at 25-30 per cent of installed capacity. The Government has requested UNDP assistance in a number of projects which, taken together, will assist the country in restructuring and rehabilitating existing industries; in providing critical support to agriculture through developing backward and forward linkages; in producing inputs for agriculture such as mechanical engineering for agriculture and the transformation of agricultural products; in restructuring industrial plants to use local agricultural products instead of imported ones. The projects are:

(a) Expansion and development of the Metallurgical Research Institute to support the growing steel sector; (b) Industrial sector policy reform and development; (c) Assistance to industrial development centres; (d) Study of the cost of deficiencies in infrastructure services (to industries); (e) Feasibility study for the establishment of a multi-purpose pilot pesticide formulation plant; (f) Assistance to the Leather Research Institute of Nigeria; (g) Industrial data bank; (h) Assistance to rural women engaged in village-type salt processing.

Metallurgical Research Institute

68. The Government attaches the highest priority to the rehabilitation and restructuring of the industrial sector for reasons already articulated in the section entitled "National development strategies" of this document. To reiterate, the most urgent task in this area is to rationalize the industrial sector through the increased use of local raw materials and greater attention to the repair and maintenance, as well as the production of certain spare parts. There will also be a review of factory-gate prices to improve the industrialists' margin of profit, which is currently depressed.

69. With the completion of one large steel plant and the construction of another, the Government has keenly felt the need for a metallurgical research institute to undertake research with a view to reducing the import of raw materials such as coal, iron ore, ferro alloys and refractories, as these absorb enormous amounts of the country's foreign exchange. For example, at the time of its construction, it was estimated that Delta Steel alone would have to spend \$US 60,000,000 (working at full capacity) to import 1.5 million tons of iron ore concentrates per year. A research centre could help develop super concentrates from Nigerian ores to substitute for about 50 per cent of imported ores, thus saving the country \$US 30,000,000.

70. It was in response to this need that the Government approached the United Nations Financing Systems for Science and Technology (UNFSSTD) and UNIDO for technical assistance to establish a nucleus facility as a metallurgical research centre. Thus, the Central Metallurgical Research and Development Institute was soon created.

71. The Government has now decided to develop the Institute further to enable it to engage in research in a wide range of fields with the primary aim of developing local raw materials for the Nigerian steel and metallurgical industry. The Government is prepared to contribute 60 per cent of the cost of the project which is estimated at \$US 9.896 million over a period of five years. UNDP is being requested to fund 40 per cent of the cost, with UNIDO as the executing agency.

Industrial sector policy reform

72. The Government will soon undertake a review of the industrial sector with a view to carrying out a policy reform focusing on the incentive system and tariffs of imports. The Government also wishes to streamline the regulatory framework and strengthen industrial promotion services, as well as encourage investment in infrastructure and human resources development. It was with this in mind that the Government has approached UNDP, the World Bank and EEC for their support in its efforts to restructure the industrial sector and to carry out policy reform promotion of export and training of personnel. The three donors have agreed in principle and the modalities of making the project operational are being worked out.

Assistance to Industrial Development Centres

73. The Federal Military Government has recognized the vital role small- and medium-scale industry play in the economic life of the nation, both in terms of the large number of people they employ and the services they provide to the population.

74. The Government has therefore established 15 Industrial Development Centres with the ultimate goal of establishing one in each of the 19 States, and one in the new federal capital territory of Abuja. The workshops of the centres will be provided with machinery equipment and spare parts. Wood-working, textiles, automotive, foundry and metallurgical facilities will be developed at each centre. Industrial experts in the fields of management, food processing and storage technology will be attached to the centres to undertake the training of staff. One of the major objectives of the centres is to promote entrepreneurs and identify business opportunities for them.

Study of the cost of deficiencies in infrastructure services to industries

75. Despite a high tariff wall, Nigerian industrial products are unable to compete with their imported counterparts. A major reason for this is that Nigerian manufacturers have had to make heavy private investments in water and electric supplies and in communication facilities, since those publicly supplied are not reliable. Frequent power cuts and voltage fluctuations have forced almost every industrial establishment in the country to invest in the acquisition of expensive generators. It has also been necessary for manufacturers to sink boreholes and install water treatment plants to ensure continuous availability of water to their factories.

76. The Government will seek the co-operation of UNDP and the World Bank to carry out a study of the cost of deficiencies in urban infrastructure services in the Nigerian manufacturing sector. It is hoped that the study will answer some of the following questions: What are some of the other possibilities (e.g. electric generators and boreholes) available to the firms for such services? Are these options good substitutes for publicly provided services? What are the costs of providing the services from such alternative sources to the firm and to the society? What are the reasons for the failures to deliver the services at the level required to meet the demand? To what extent are such failures due to the lack of capacity expansion or poor operations and maintenance or both?

Feasibility study for establishment of a multi-purpose pilot pesticide development plant

77. The effort to increase food production should be complemented by a nation-wide campaign to combat pests. Pests are said to be responsible for loss of about 30 per cent of the crops. The Government therefore intends to conduct a study of the feasibility of establishing a multi-purpose pilot pesticide development plant. The investigation should include the technological options, the extent of demand, the availability of raw materials and the size of the added value when the pesticide is locally produced.

78. The plant, if feasible, will be established in Ondo State which is a south-western agrarian state producing a wide range of agricultural products, such as cocoa, coffee, tea, cassava, maize, rice, and soybean. Should the feasibility study prove positive, the plant will be established in co-operation with the private sector. UNIDO and UNDP are requested to undertake the study.

Assistance to the Leather Research Institute

79. While tanning is a fledgeling industry in Nigeria, many people derive income from processing hides and skins using rudimentary technology. During the past few years many technicians have been trained in leather, footwear and leather goods technology at the Leather Research Institute of Nigeria. However, it is well established that the Institute needs strengthening and upgrading in terms of research staff and equipment. During the fourth programme cycle, therefore, the Government will devote resources to training staff, procuring technologically advanced equipment and raising the standard of the Institute. In view of the enormous market potential for the leather industry and the sizable foreign exchange resources annually spent to import leather products, the importance of this research cannot be over-emphasized. The assistance of UNDP and UNIDO is considered highly beneficial in this effort.

Assistance in the establishment of industrial data bank

80. Industrial information on which fiscal, tariff and investment decisions can be made is difficult to obtain in Nigeria. It is well known, however, that industrial data is available in a crude form within individual industrial establishments and state and federal ministries of industry. The Government has therefore decided to install a computerized industrial data bank which will serve as the centre for the collection, processing, storage, distribution and exchange of information necessary for decision-makers. The Government seeks to benefit from the worldwide experience of UNDP and UNIDO in this area.

Assistance to rural women engaged in salt processing

81. Because there are relatively few saline brine pools in Nigeria, there is no large-scale, commercial salt production. However, there are small village-type salt processing units in Plateau State owned and operated by women. They produce salt inefficiently by hand, using dilute salt brines. Their production and income are grossly disproportionate to the amount of time and energy they expend. The demand for salt for both industrial and domestic use is high and necessitates imports, although production could increase enormously. Such an increase would significantly raise the income of many women who rely on this operation for their livelihood.

82. The Government has approached UNDP and UNIDO for technical assistance to the women of Plateau State, largely in training and studies to determine the viability of solar evaporated salt production from available underground brines. Through a possible arrangement in technical co-operation among developing countries (TCDC) many women operators might make training visits to countries where salt production and handling is modernized.

Science and technology

83. In the area of technology transfer and development, the Government has decided to seek assistance of UNDP and UNIDO in the following areas:

84. In order to establish a sound technical base for expanded crop production, the Government has embarked on the establishment of a National Bureau for Plant Genetic Resources and Vegetation Conservation with a gene bank facility and germ plasm processing laboratories to save the genetic crop resources of Nigeria. These resources are endangered by serious environmental pressures created by land clearance, urban expansion, grazing, desertification, pests, floods and erosion. The Bureau would distribute the genetic resources to research organizations and farmers for crop improvement, crop development and extension programmes. As this project is consistent with the goal of self-sufficiency in food, UNDP and FAO continuous support in the expansion of the project is most desirable.

85. With the support of UNDP and UNIDO, a National Office of Industrial Property (NOIP) was established as an autonomous body under the aegis of the Ministry of Science and Technology in 1979 and became operational in 1983. The Office has been entrusted with the task of promoting, controlling and negotiating technology transfer. The Office should also be a depository of all available information on technology and should advise the Government and private sector in all matters relating to technology transfer. In order to build the NOIP capability to perform these tasks, the Government has designed a programme of training the staff of the Office both in-house and through long-term training abroad.

86. The Office has also planned many seminars and workshops for which specialized resource personnel will be recruited and supervised by UNIDO. In addition, the Office will also initiate research into the technologies most appropriate to Nigeria, taking into account not only standard cost-benefit analysis, but also the adaptability of each technology to Nigeria's geographic, climatic and other environmental characteristics.

87. The Government intends to devote \$US 16,296,000 to industry, science and technology, including a cost-sharing contribution of \$US 5.9 million to the Metallurgical Research and Development project.

Human resources development, employment and capacity building

88. This part of the country programme brings together projects designed to assist the Government in education, employment creation and economic management. While technical colleges will produce qualified technicians for industry and agro-industry, employment creation will contribute to production and economic recovery. Economic management is also crucial for both short-term goals and development objectives.

89. The Government has also been confronted with the problem of unemployment, as the civil service and industries are unable to absorb additional graduates and have in fact been forced to dismiss many of their employees. The Government therefore wishes to explore the possibility of organizing a productive large-scale Public

Works Programme aimed at improving existing infrastructure such as feeder roads, irrigation systems, tree planting efforts and self-help housing. Before engaging in such a programme, however, the Government has asked UNDP, the World Bank and ILO to undertake a study of the modalities of implementing a Public Works Programme.

90. An ongoing project developed with the assistance of UNDP and ILO is the vocational rehabilitation centre in eastern Nigeria. The centre was established some years ago with the co-operation of UNDP and ILO to train disabled and handicapped persons to use their hands and minds in crafts of all types, gardening, poultry, piggery and other agricultural technologies. The Government intends to establish a similar centre near Lagos. It is hoped that many disadvantaged people will learn some trade that will assure them independence and dignity.

91. With the assistance of UNDP and ILO, the Government will launch a modest national youth employment and mobilization scheme. The objective is to bring unemployed youth to rural settings to train them to cultivate land and, at the same time, to learn some skill applicable elsewhere. These young people will also be expected to develop their minds and bodies to prepare to face the demands of life rather than idle away purposelessly in urban areas. Initially, the programme will be designed on a small scale to permit expansion over a period of time.

92. Another area of priority for the use of IPF resources is economic planning, management and the development of a computerized national data bank.

93. During the fourth programme cycle, the Government wishes to concentrate on enhancing the capacities of the two co-ordinating and planning ministries, of Planning and Finance, to undertake medium-term and perspective planning, preparation of development projects, appraisal, monitoring and evaluation. The monitoring of public debt is also an area where the Ministry of Finance needs support. In addition, the Government will undertake a feasibility study of establishing a national data bank which will consolidate and interpret data collected and processed by sectoral data banks, comprising industrial, agricultural and social data banks, all in the pipeline of planned projects.

94. Within the category of economic planning, management and the development of a computerized national data bank, the Government intends to continue the project for training in multi-disciplinary sectors under the general supervision of the Federal Ministry of National Planning which enables middle-level civil servants to attend short-term intensive courses in specialized fields or participate in critical workshops and symposia to upgrade their professional competence. During the second country programme, this project had already proved highly beneficial for government officials who are highly qualified academically, but needed to be exposed to the latest thinking in their respective fields.

95. It is proposed that \$US 13,279,000 of the IPF be allocated to human resource development and capacity building.

Aviation and infrastructure: complementary assistance to sectors of concentration

96. When national financial resources were available, the Government constructed a large number of airports to provide air services to major population centres of the country. This was a strategy for linking the agricultural and industrial regions of the country. Three of these airports were designed to meet international standards requiring huge initial investments in communications systems, navigational and visual aids, power generating equipment, area control services and manpower development.

97. The operation and maintenance of the facilities require not only large amounts of financial resources but also a continuous training programme in a field of rapidly changing and increasingly complex technology. However, since the Nigerian economy has been experiencing crisis since the early 1980s, it has not been possible to equip certain airports adequately or to replace aging equipment of all categories. This situation has prompted the International Civil Aviation Organization (ICAO) to advise the Government to take urgent steps to improve the safety of Nigeria's air space and airports.

98. Therefore, with UNDP support, the Government, intends to implement the following programme without any delay: furnish a reliable power supply at each airport by repairing non-functional standby generators and purchasing a few new ones; provide a crash course to train more air traffic controllers; reorganize the Federal Civil Aviation Department to enable it to cope with the rapidly growing aviation industry; establish maintenance and inspection standards for airport electrical and mechanical facilities; establish a search and rescue service; establish adequate systems for civil-military aviation co-ordination; upgrade navigational and visual aids; create a system of airport inspection; and organize an aeronautical information service. UNDP's input will be largely in training and providing certain communication equipment and technical personnel.

99. The modernization, upgrading and reorganization of the Nigerian aviation industry will require much more than the IPF resources can provide. The Government is therefore prepared to contribute more than half of the cost of the programme. However, ICAO's technical expertise and worldwide experience will be indispensable. The amount of \$US 2,235,000 provided in the country programme as UNDP assistance, is considered the minimum viable programme to revitalize Nigerian aviation.

C. Unprogrammed reserve

100. In order to make the country programme responsive to changing economic circumstances of the country, 10 per cent of the IPF resources (\$US 3,063,000) are to be set aside. The size of the programme reserve takes into account the fact that cost estimates for projects included in the country programme are necessarily imprecise and that the ongoing economic structural adjustment may give rise to unforeseen and urgent needs for technical assistance in new areas.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

<u>A. UNDP-administered sources</u>	<u>\$</u>	<u>\$</u>
Third cycle IPF balance	2 400	
Fourth cycle IPF	30 637	
Subtotal IPF		33 037
Special Measures Fund for Least Developed Countries	-	
Special programme resources	-	
Government cost-sharing balance (third cycle)	5 000	
Government cost-sharing	12 203	
Operational funds under the authority of the Administrator	-	
UNDP special trust funds United Nations Emergency Operations Trust Fund (EOTF)	750	
Subtotal, UNDP non-IPF funds		17 953
<u>B. Other sources</u>		
Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise	-	
Parallel financing from non-United Nations sources	-	
Subtotal, other sources		<u>-</u>
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		<u><u>50 990</u></u>

II. USE OF RESOURCES

Ongoing projects	10 535	
New project proposals	37 390	
Programmed reserve	-	
Subtotal, programmed resources		<u>47 925</u>
Unprogrammed reserve		<u>3 065</u>
TOTAL USE OF RESOURCES		<u><u>50 990</u></u>

