

ENUGU FORUM POLICY PAPER 8

**DEBATING POLICY OPTIONS
FOR NATIONAL DEVELOPMENT**

**Unleashing Industrial Clusters
for Growth and Prosperity
in South East Nigeria**



AFRICAN INSTITUTE FOR APPLIED ECONOMICS

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SERIES THEME: **DEBATING AND PROPOSING POLICY
OPTIONS FOR NATIONAL DEVELOPMENT**

TOPIC: **“Unleashing Industrial Clusters for Growth
and Prosperity in South East Nigeria”**



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**“UNLEASHING INDUSTRIAL CLUSTERS FOR GROWTH AND
PROSPERITY IN SOUTH EAST NIGERIA”**

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ABOUT ENUGU FORUM

INTRODUCTION

Opening new spaces for domestic policy dialogue is one of the most important potential gains of democratic governance. Democratic space creates public policy arena in which government can be engaged by private sector and civil society on what it is doing or not doing, and hence be pressured to perform. Since the return to democratic rule in 1999, there has been an upsurge of private sector and civil society engagement with governments on economic policy and development issues. But, the upsurge of civic advocacy on economic and development issues has not been matched with commensurate improvements in the quality of debates on policy alternatives and roadmaps for national development.

ENUGU FORUM is intended to provide a civic arena for proposing and debating policy alternatives and roadmaps towards social, economic and political progress of the country. It is hoped that the FORUM will foster interaction between government and non-state actors towards good governance, accountability and participatory democracy.

IDENTITY AND MISSION

Enugu Forum is a civic platform devoted to intellectual conversation and of policy issues affecting the growth and development of the country. It was founded in 2001 to promote informed and credible avenues of stakeholder dialogue and policy advocacy. It seeks to improve the policy process through high quality debate and non-partisan discourse of alternative solutions to contemporary development questions.

The Forum deploys both intellectual and empirical insight to nurture a shared understanding and objective scrutiny of policy issues on social, economic and political development of the country.

ACTIVITIES

Enugu Forum's activities take several forms:

- Public Lectures
- Seminars
- Workshops
- Conferences
- Roundtables

The activities bring together diverse stakeholders including government officials, private sector operators, independent think-pots and civil society to exchange and constructively critique perspectives and experiences on critical policy imperatives. Attendance is by formal invitation.

OUTPUTS

The outputs of the Forum's activities take the form of communiqué outlining key outcomes of discussions, conclusions and recommendations. The presentations and proceedings are further developed into Occasional Papers, Working Papers or Policy Briefs widely circulated to inform, sensitise and enlighten stakeholders.

STRUCTURE AND ORGANISATION

Enugu Forum is structured into a Steering Committee, a Coordinating Committee and the General Members. The Steering Committee governs the Forum through guides and policies agreed in consultation with the General Members. The Coordinating Committee executes the activities and programmes.

MEMBERSHIP

There are two classes of membership: individual and corporate. The Forums' activities are open and can be attended by all interested persons but formal invitations are issued to members and designated guests only. To be a member, one needs to register in the appropriate category. Registration can be done during the Forum's events, or at the Host Organisation - African Institute for Applied Economics, Enugu.

SPONSORSHIP

Ownership of the Forum resides in the members. It is run on the goodwill contributions from corporate bodies and individuals. Sponsorship includes provision of venue, refreshments, logistics, and facilitation of Guest Speakers and Resource Persons.

HOST INSTITUTION

The Enugu Forum is hosted by the African Institute for Applied Economics (AIAE) Enugu. AIAE is a non-governmental, not-for-profit and independent organization devoted to economic policy research towards promoting evidence-based decision making. It is located at 128 Park Avenue, GRA, Enugu, Phone: (042) 256644, 256035, 300096; Fax: (042) 256035. e-mail: aiaeinfo@aiae-nigeria.org, aiae@infoweb.com.ng; website: <http://www.aiae-nigeria.org>

ENUGU FORUM POLICY PAPERS

Enugu Forum Policy Paper Series publishes the proceedings and outcomes of workshops, conferences, seminars or public lectures held by the Enugu Forum. The Series provides documentation of the topical presentations, debate, comments and perhaps consensus at the Forum.

It is intended to disseminate the Forum's intellectual discourse to a wider audience. The essence is to stimulate broader policy debate and promote multi-perspective dialogue on policy options.

Enugu Forum Policy Papers constitute an advocacy instrument to canvass alternative development solutions and policy roadmaps, for the overall purpose of enriching the policy discourse in the country. The Series also draws attention of government, private sector and civil society to salient dimensions of contemporary development challenges in Nigeria.

Series Editors:

Eboh, Eric Chiedum

Ikpo, Kobi P.

FOREWORD

Clusters provide unique opportunities for networking, collaboration and cooperation between firms, joint production, joint marketing arrangements as well as the sharing of facilities and amenities to reduce production cost. Furthermore, they enhance mutual learning, knowledge overflow, information sharing, technological innovations and development of inter-firm linkages to achieve collective efficiency, economies of scale and a competitive edge in producing goods and services.

They also help government to provide targeted public goods at lower cost and greater efficiency and in the provision of public goods such as infrastructure (water, electricity, and waste disposal), regulatory services such as business registration, product quality control and assurance, extension and support services.

In addition, private business service providers are enabled to supply services in a targeted and effective manner such as management training, technical (skills) upgrading, information and market development.

The questions to be addressed by this Forum include:

- What is the state of affairs in the industrial clusters in south-eastern Nigeria?
- Is there sufficient and effective collaboration, networking and cooperation between the firms?
- Are there reasonable degrees of vertical and horizontal linkages between firms for the promotion of value chain development?
- To what extent are the opportunities presented by clusters being harnessed for industrial development and economic competitiveness of the south-eastern states?
- Are the potentials of the industrial clusters being reaped to the fullest in the way of opportunities for innovative industrial organisation, comparative advantage and scale economies?
- What factors hinder the full realization of the potentials of these clusters? Are these factors organisational, institutional, infrastructural, or technological?
- What should stakeholders, (government, industrialists, business service providers such as banks, enterprise support agencies, industrial promoters, etc), do to

ensure the maximisation of clusters' productivity and competitiveness? How should responsibilities be shared and implemented?

The Challenge for this Forum was to determine and propose an action plan to promote cluster development in south-eastern Nigeria, assign roles and responsibilities to stakeholders, as well as propose mechanisms and arrangements to monitor the implementation of the action plan.

Prof. Eric Eboh

Executive Director

African Institute for Applied Economics, Enugu

KEYNOTE ADDRESS

Engr. Sir Chris Okoye

INTRODUCTION:

The genesis of the poor state of our national economy and low level of industrialisation is traceable to the colonial era. The colonial masters paid lip service to manufacturing and industrialisation. Their major concern was to extract as much primary products as possible for use by industries in their home countries. In other words, there was no deep-seated commitment for the implementation of what passed for colonial industrialisation policy.

The decade of the 1960s could be described as the golden era of Nigeria's industrialisation. The regional governments in the East, West and North deliberately promoted industrialisation even without any formal industrial policy. Within the early years of our independence, value added in manufacturing grew by an average of 11.4%. Rapid growth of manufacturing and diversification of industrial activity were the main objectives of industrial sector development as articulated in the various national development plans (1962-1968, 1970-1974, and 1975-1980). By 1965, manufacturing as a share of GDP had grown to 6% up from 5% at independence.

In South Eastern Nigeria, the regional government headed by Dr. Michael Okpara, recorded tremendous success in industrialisation and agriculture to the extent that a Malaysian trade delegation came to Eastern Nigeria to understudy oil palm production in South Eastern Nigeria. Indeed, the eastern Nigerian economy was then recorded as the fastest growing economy in the third world. Industrial clusters were established at Enugu, Aba and Owerri. It was also within this period that the Nkalagu Cement industry, the glass industry at Port Harcourt, and a number of other industrial schemes were established.

Military intervention in politics and the Nigerian civil war impacted negatively on further consolidation of the notable successes recorded by the regional governments in agriculture and industrialization. Since the end of the civil war, a plethora of development plans, strategies and industrial policies have massively failed in making Nigeria industrialised and developed.

A complex web of factors has largely contributed to the persistent state of underdevelopment and low level of industrialisation in Nigeria. Notable among them is

lack of committed, dedicated and focused political leadership. Political positions are perceived as platforms for amassing wealth and looting public treasury. In that process, critical resources that would have been applied to the implementation of various industrial policies and development plans are privately appropriated and frittered away. Underdevelopment and low level of industrialisation persists in most parts of Nigeria.

In the same vein, as a result of the huge earnings from petroleum resources, various governments neglected the need to develop other vital sectors of the economy such as manufacturing, agriculture and infrastructural development with far-reaching devastating consequences for the national economy. Various levels of government dissipated their efforts on appropriate formula for sharing revenue accruing from oil resources instead of focusing properly on unswerving implementation of economic development plans and industrial policies. This is why some experts believe that petroleum resources constitute a curse rather than a blessing to us.

Furthermore, reckless borrowing by various levels of government from diverse sources, local and international, is also another factor that militated against industrial and economic development. While some loans were totally unnecessary others were diverted into uses other than the implementation of economic and industrial programmes. Over the years, Nigeria accumulated a huge debt profile. Servicing these loans now took a disproportionate chunk of national income to the detriment of industrial and economic development.

There is pervasive insecurity of life and property in Nigeria with incessant cases of armed robbery and assassinations. It dents the image of the country and scares away potential local and foreign investors because the security of their investment is not guaranteed. Without security of life and property, no meaningful development can take place.

Our educational institutions are in a state of decadence. These institutions are grossly under-funded, saddled with a preponderance of poorly trained and lowly paid teachers, and lack of appropriate framework for monitoring and inspection of their systems. Unfortunately, these developments have led to turn out of low quality graduates. This situation is further compounded by a lack of congruence between the academic programmes in these institutions and the actual needs of the economy.

As a result of the foregoing, there is little wonder that Nigeria is still largely underdeveloped with an economy that is monocultural in view of its dependence on oil revenue. There is wide spread infrastructural decay and pervasive poverty. Nigeria has therefore failed woefully to properly apply its abundant natural and human resources to

enhance economic and industrial development as well as improve the living standards of its people.

A cursory look at economic and industrial activities within the country shows a concentration of industrial activities in South West to the tune of 60%. The other geo-political zones share the remaining 40%. This obviously shows that south-eastern Nigeria is disadvantaged in terms of industrialisation and economic development.

The poor state of public infrastructure in South Eastern Nigeria discourages prospective entrepreneurs from establishing small-scale industries that form the pivot of industrial development as demonstrated elsewhere. The critical question therefore is what do we do to bring about rapid industrialisation in south-eastern Nigeria? Finding the appropriate answer to this question is the major business of this seminar.

Experts in developmental economics and industrialisation have suggested that underdeveloped economics should adopt the option of establishing Industrial Clusters in view of the fact that they have the potential for rapid industrial and economic development. They are quick to point out that Industrial Clusters offer the following advantages:

- It is a significant form of industrial organization for small-scale manufacturing.
- Clustering promotes different types of inter-firm linkages.
- Clustering is identified with diverse forms of social networks which are associated with personal ties and the notions of trust and reciprocity in competitive behaviour.
- Clusters are not a planned intervention yet the state has a role in promoting it.

Limitations of industrial clusters in Nigeria are also highlighted in available literature:

1. Generally, in contrast to global trend of clusters development, African clusters have not been able to go beyond producing for local markets. This could be as a result of neglect or ineffective policy design on one hand, or absence of institutional backing on the other.

2. Poor infrastructure such as electricity, roads and water increase the cost of doing business because potential cluster operators are constrained to provide these services by themselves.

3. It is difficult for small scale enterprises to grow in an environment where civil and commercial laws are very weak.

4. Banks and formal credit institutions have problems in giving loans to small scale enterprises in clusters. Securities obtained for credit guarantee by small enterprises are sometimes not adequate or even non-existent.

References are made to the phenomenal successes of Industrial Clusters in different countries and industrial regions of the world. In Latin America, the Brazilian Shoe Cluster of Sinos Valley is a notable example. Brazil is one of the world's leading producers of leather shoes and the bulk of her export-oriented leather shoes are produced in the Sinos Valley industrial cluster.

Three factors are particularly germane to Sinos Valleys' economic success. These are: first, backward linkages that shoe producers have with local suppliers of inputs, machinery and producer services; second, forward linkages between producers and buyers, especially export agents; and third, the strategic intervention of local support institutions in facilitating the cluster's ability to move into higher value added product markets.

In the same vein, the Pakistan, an export oriented industrial cluster that produces surgical instruments exists in Siatkot. Siatkot Surgical Instrument Industrial Clusters is a huge success because the producers in the cluster struggled to meet higher standards required by the export market. It also made extensive use of blueprints, drawings and technical experts brought from Britain as well as the setting up of a technical institution for training workers with the support of the federal government.

The Surgical Instruments Manufacturers Association (SIMA) lobbies the Pakistan government for financial and technical support and hired quality assurance consultancy firm to upgrade and train local enterprises. This enabled them to begin to meet ISQ quality standards by employing Good Manufacturing Practices (GMP).

In East Asian Clusters, the successful imitation and assimilation of foreign technologies, the formation of geographically dense industrial clusters consisting of a large number of small enterprises producing similar and related products and the advent of multifaceted innovations leading to a great leap forward in the industrial structures were the critical success factors. The successful development of Japanese industry became the model in other East Asian countries such as China and Taiwan.

Back home in Nigeria, the Nnewi Automotive Parts Industrial Cluster is a huge success story. It is a very good example of how an informal cluster can survive and succeed without government support in terms of provision of essential public utilities. It exports automotive parts to countries in the West African sub-region as well as other international destinations.

Its key critical success factors include active participation of private industry associations such as Nnewi Chamber of Commerce, Industry, Mines and Agriculture and the Nigerian Association of Small Scale Industries, a socio-cultural milieu characterised by competitiveness, high entrepreneurial spirit as well as investment in training and capacity to imitate and assimilate foreign technology. Above all, the Nnewi cluster made an independent effort to provide the necessary infrastructural support when the state failed to do so.

The lessons to be learned from these clusters are embedded in the synopsis of their key success factors:

- Backward linkages the clusters have with local supplier of inputs of machinery and services;
- Forward linkages between producers and buyers;
- Strategic intervention of local support institutions;
- Meeting higher product standards required by the export market;
- Employing good manufacturing practices (GMP);
- Imitation and assimilation of foreign technologies;
- Overcoming infrastructural hurdles, should the state fail to provide basic facilities;
- The role of professional and trade associations in providing information, solving problems and lobbying for support; and

- Continuous capacity building in form of training and education.

To unleash Industrial Clusters for Growth and Prosperity in the South East geopolitical zone, I opine that the following measures should be considered by this seminar:

In response to the need to domesticate the central government reform agenda within the South East zone, it has become compelling to seek for the formation of a common economic commission (ie of all the states within the zone) that will be charged with the responsibilities of handling lumpy and linkage based commercial projects which will be of immense benefits to all the states within the zone.

The establishment of this commission has become necessary because various levels of government have not been effective in implementing any industrial blueprint in our zone.

1. Accordingly, we need to explore the possibility of establishing South East Economic Commission (SEEC) whose responsibility shall include the development of general policy framework for identifying favourable locations for establishing industrial clusters within the zone. This commission is also expected to develop general policy guidelines for setting-up relevant investment companies, whose responsibility shall be to develop the industrial clusters and hand them over to the actual operators of the clusters. The investment companies shall also be involved in the management of the clusters.

We should be concerned with the issue of developing market outlets for the products of industrial clusters that will be established. We can achieve this in various ways. One is by ensuring that product quality is high so that it can meet quality standards expected by consumers, domestically and internationally.

2. We can, through the investment company alluded to earlier, develop a comprehensive marketing consultancy backbone for all the production units within the cluster schemes so as to ensure that their products are marketed professionally.

3. Investment companies of the (SEEC) in collaboration with the State and Local governments should build physical markets at strategic locations around the cluster schemes. We should also be concerned with capacity building for industrial cluster growth. The South East Economic Commission, when established, should ensure that technical trade and entrepreneurial centres are built around the cluster locations. This would assist immensely in improving technical and entrepreneurial skills of workers in the clusters. In addition, adult education centres should be established by all town unions to be assisted by the local governments.

4. Federal, State and Local governments should assist by improving public infrastructure such as roads, electricity, health centres, and provision of portable water to aid production in these clusters and access to markets.

5. The SEEC and CBN must work assiduously towards the spread of strong Microfinance Banks within the South East zone. These banks must be structured to provide loans to companies within the cluster schemes. The SEEC should also collaborate with World Bank and International Donor agencies to deepen the strength of the financial assistance within the cluster areas.

6. SEEC in close collaboration with the state governments must set up independent quality assurance/standards organization to ensure that products from clusters conform to quality standards acceptable in the domestic and export markets so as to improve market penetration.

7. SEEC must work with state governments to set up machinery for ensuring adequate security of the clusters. A town-union driven security system should augment whatever the police and private security agencies can provide.

Comments/discussions:

Elder Onyeniyiri, Abia State Chamber Of Commerce

In my opinion, Research and Production is the way out. Clusters should forget about support from government and come together to operate as a whole body. Clusters should be established in every Eastern State and these could be called "Agency for Rapid Industrial Development of Igbo Land". This will help the re-activation of our moribund industries and ease poverty and unemployment which is adversely affecting our youths today.

Rob Anwatu, President Enugu Chamber Of Commerce

Government, cluster operators and consumers must play their assigned roles. Government unfortunately is not providing the necessary enabling environment for clusters to operate effectively. Imagine the enormous amount of funds that would have been generated, if our electricity system had been functioning properly. Double taxation is another major setback. Yet, it is more difficult to obtain huge loans from South East than it is from Lagos. In the final analysis, we must encourage clusters, but they also have to develop their organisational capacities.

Sir George Akomas, Aba

One of the basic problems we have as a people is that we Igbos do not repay loans. We also do not invest in the long term. But we must move beyond buying and selling. Government should provide land and build factories and industries at designated outskirts of our cities. The cost of purchasing land here in the south east is very expensive. Governments should intervene to reduce such rates and provide infrastructure.

Young Okezie, Manager Enugu SME Centre

SME practitioners and entrepreneurs are not willing to make a change. They need to reposition themselves. For instance, many have very poor accounting systems and, management practices. Many do not have good relations with the Corporate Affairs Commission. Tax returns are not made to the regulatory authorities. How then do you

think a bank would be willing to work with such an organisation? They should not shy away from capacity building. Furthermore, instead of importing heavily from South Korea or China, why don't you invite the company to come here and partner with you and establish an industrial firm here? The days of buying and selling are over. Government policies these days do not even encourage it. We need to draw up an action plan and set a programme in motion to identify potential clusters. For instance, palm kernel extractors have been identified and they have big potentials for cluster formation.

Let us come together, that way, we can do better. To the Chambers of Commerce in the south east, Manufacturers Association of Nigeria, National Association of Small Scale Industries and Federal Agencies like SMEDAN, I say that the winning strategy today for the global competition is cluster formation.

Permanent Secretary Ebonyi State Ministry of Commerce

There is inequity in the preferential treatment given to business men in Lagos and Port Harcourt as against what the rebuffed Easterners suffer. We need to accept and protect what we do. How did Malaysia come here to pick some palm kernel and today, they are the highest producers of palm kernel? Here, Igbo made products are not good enough. I request we give some allowance to new clusters in terms of standards. Let them grow first before Standards Organization of Nigeria can come to hound them. Much as I appreciate standards, at infancy level if you bring SON to monitor what they are doing, you may be limiting them. We need protection at the period of incubation.

Elder Kalu, SKOUP & Co. Ltd, ENUGU

We are looking to end up with suggestions as to how we should move ourselves forward, I think the Chairman's Opening Remarks had in fact indicated some directions and it probably would be useful now to look at them for instance he mentioned the setting up a South East Economic Commission. Dr. Amobi had said that we should get the government to appoint Cluster Development Agents to conceptualise the overall developmental strategy of particular clusters, not merely existing ones, establishing new ones and initiating implementation. I think we should really be able to ask: Are we adopting the South East Economic Commission approach? Does it offend anybody? Does it raise problems or do we get there through SMEDAN's appointing Cluster Development Agents? Which one would be easier? Who will do it for us? How can we develop a paper that would go to the appropriate authorities to get these things

established so that we can start moving ahead? How do we get more meaningful benefit for the good of our people?

Prof A.W. Obi

We need mental re-orientation. If the South East Economic Commission will be a pressure group that will compel the government to give us what we want, I'll support that 100%. Nobody should rely on government to initiate these kind of things – independent power supply, potable water, finance etc. They have many other problems. When we start out on your own with such an establishment such as the South East Economic Commission, we can then partner with government and make them provide the infrastructure that we need.

Nkiru Okeke, Permanent Secretary, Office of Economic Planning and Monitoring, Government House, Anambra State

I want to start with the things government cannot do:

1. Government cannot give land anymore in the South East. We suffer high density coupled with erosion and the land space is not increasing. Industrial estates had been given out before – Nnewi has, Onitsha has, Awka has. Where will we get more land? The problem is with developing the ones we have. For those given out, people built estates instead of industries. The way forward is to realise that individuals and communities these days are refusing to part with their lands and when they do, the demands and compensations you will have to pay are endless and when you want to begin developing it, people will start fighting so you can't even access the land. The commission or agency we are thinking of should be domiciled in the Ministry of Industries, that way, government can come in. People who are producing related items by sector can go together to government as a body and say in this industrial estate, there is no road, no power. We are going to contribute such an amount of money because the amount they spend individually in using generation if they pool it together and ask government to provide independent power supply, government will respond. If government constructs roads leading to the estates, how about their maintenance and sustainability? It still he is with those using the estates directly and that brings us to what, we are – Ndi Igbo are known for hard work. He is better in managing his own thing. If there is some level of involvement or contribution. The estates will be much more better than they are being run today.

VALUE REORIENTATION should even be our first assignment. We must start now to drum it through jingles, programmes on radio, on TV, in every village, town, Umunna that were tired of “Igbu ozu na high sea”. Some communities have started it. They don’t give traditional titles to just anybody. Even our Governor is spearheading value re-orientation on very concrete forms. If the Youths imbibe it, then they can stay back home at Nnewi in place of South Africa or America. They craze for recognition as being arrived will not be there.

All South East government representatives here should go back to government and endeavour to mainstream and benchmark the clusters into their budgets – that way it can be maintained, you can monitor it and then relevant NGO’s will begin to monitor these aspects of the budget.

MAXI ONYKWERE: DIRECTOR SME ANAMBRA STATE REPRESENTING HON. COMMISSIONER

Anambra State has been in cluster development for quite a while now and Dr. Amobi will bear me witness. We used to be in a committee of public and private sector people known as Cluster Development of Eastern Nigeria with states likes Imo, Abia etc, I wonder what has happened to it now. Since a couple of months back, we have been trying to develop AN INDUSTRIAL PARK where some of these SME clusters will domicile. We have a lot of what Amobi called natural clusters in Anambra State for example the Onitsha Shoe makers, Osakwe Industrial Cluster Estate who are here today and we have been assisting them alongside other donor agencies that’s why the SME department was established some years ago to cater for micro, small medium enterprises. We will do all we can all the way to unleash the potentials of our own clusters.

AUTHOR [CAME WITH HIS NEW BOOKS]

We should get to these operators, find out what they need and then think of how to help them achieve these overall objectives. We need to go back to the basics being our brothers keepers, using SMEDAN.

PRESIDENT OSAKWE INDUSTRIAL CLUSTERS

On practical solutions to cluster formation, development and networking in the grassroots having developed 150 enterprises at Onitsha and right now working on another cluster that has to do with Palm production. SEE submitted PAPER for DETAILS.

CHIEF NDUKA EYA

The problems lie in the attitude of the typical Ndi Igbo – they are too individualistic – they don't believe in coming together. Everybody wants to do his own, to be in charge. Ndi Igbo believes that clustering is the same thing as proliferation which it is not. If you count the number of people in Enugu who run filling stations and between here and Onitsha. The number of mushroom filling stations we have but don't get petrol until after one month, if you put them together we can have about 4 or 5 mega stations like the one government built, why don't you have it? I think the solution is in the Ohaneze Ndi Igbo. I am bringing it because when the Igbos come together in fact we have had a chance in which Ndi Igbo made policy and government will kowtow and not the other way round. People talk about government, we are tired of government now and we should be taking our destiny into our own hands. I am sure that if this big umbrella of Ndi Igbo organizes itself well, they can raise enough funds that government cannot dare to say it will not do anything and if they do under the Ohaneze Ndi Igbo then our cluster commission can emerge, the experts can come in, from there the traditional rulers we will organise them, who said we have no land, we have lands! The difference is we want to concentrate everything in Onitsha where there no land. Go to Ekwulobia, go to Aguleri, go to Omo there are lots of land and if the agricultural sector should cluster in those areas, what a great boost! We need to go back to the roots, let Ndi Igbo go back and organise itself you see their political attitude is already destroying them but I am looking forward to when the whole of Eastern Nigerian will be ruled by one political party and Igbos and each one would bury their pride and arrogance, together we go, its easier to break a brook stick than a whole bunch of broom.

MRS [BIBLE SINGER]

The moment we stop seeing the next person as a threat, the better it would be for us. My recent experience where I went to see a Senior colleague in his office underlines this I

met a man there who on getting to know we were in the same line of business changed his countenance dramatically. He was ironically not happy to see or know me. Where then lies the prospects for clustering? One would have thought that he would rejoice because two good heads... we should not think that when we are too many, we will not succeed but we should also note that we can't be everywhere at the same time, if you are here, you can't be there.

ENGR. OKOYE (CHAIRMAN) STEERS DISCUSSION BACK TO FOCUS

This is a very serious business. We seem to be derailing a bit. Please can we go back to concrete recommendations, concrete proposals on the issues of the way forward. Of course, I do recall that the Executive Director did say that before we rise here, we must come up with some actionable programmes, quantifiable programmes that we can all hang on to and I think quite a good number of recommendations have been made here. You all have Dr. Ifediora's paper and even the address I presented so if you can talk along those lines.

[FAIR SKINNY LADY IN ENUGU FORUM COMMITTEE]

I will make my comments under three headings namely

1. Environment
2. Training up young industrialists
3. Creation of our infrastructures by ourselves

We were told, from the paper presented that 50% of our raw materials are thrown away as waste and that's part of the problem the Anambra State Lady (Nkeiru Okeke) was talking about because the environment has been degraded so that if we are supporting the South East Economic Commission, we have to be careful about its operation we should for maximum advantage determine whether it should be a partnership between government and the private sector or maybe with research! Institutes or some other Agencies.

We should begin to think about developing a few crop of industrialist who are trained and I want us to do it by way of creating junior Chamber of Commerce in Secondary Schools so that by the time a child is learning, he already has an idea of what he wants to make of his life, that they only way we can have honest multimillionaires and industrialists at 20 years of age.

We need to create our infrastructures ourselves because if we wait for government we may never take off. This we can do by using appropriate technology, technology we can manage, technology we can service then we would reduce our waste and increase our productivity.

REPRESENTATIVE: ASSOCIATION OF GARMENT MANUFACTURERS OF NIGERIA,
ABA

We are the actual people in cluster development; the people weaving the shoes. Those who think cluster development is not working Nigeria are wrong because it is working at Aba. Our major problem is with the textile manufacturers whose products are substandard, we wish SON would monitor them very well after all the Federal Government gives them up to 50 billion annually. They go home with the money, develop their place and return with inferior raw materials for us. You see a remarkable difference in the t-shirts produced here with their imported counterpart. Why? The yarns we use are not good! This is an area, we want you people to address. Again, the total ban on importation of raw materials is a great hindrance to us because in the past most of us in the cluster use foreign raw materials that compete favourably well with imported products but now with locally produced ones, it cannot compete so they need to give us the licence to import our own raw materials otherwise the Federal Government should place embargo on imported finished products and then allow them to instead import our raw materials which will be more beneficial to us and for every Nigeria. Most factories in Aba have closed down due to lack of raw materials. Without raw materials, tell me, where will we cluster to? Many have left the business to join Okada, great number of families impoverished because of FG policies. Two years ago, people came from Cameroon, Ivory Coast, Senegal, Nigeria was a market place for them, today they have all run away because of FG policies. We are begging the organizers of this Forum to help us out and to do everything possible to dissuade those who import finished products from Indonesia because they are substandard to what we produce. We are very discouraged for example my products are marketed throughout the North but Indonesia which is better packaged,

cost effective has taken over, even my own price is higher which should not be so Northerners rush for Indonesia. And to think that I spend upwards of 9,000 every week to run my factory on electricity and gas still at month end, Power Holding will still come with their bill, its crazy! They are drawing us back by all these!! What about the purported 10% set aside by Banks for us, nothing is happening, for long now I've been frequently Inter Continental Bank, story-story! Please, we came all the way from Aba to lay these complaints, do something for us!

SHOE MANUFACTURER, ABA

The shoe industry is one of the clusters that grew on its own. Aba has taken over the shoe industry in Nigeria, and we export to other countries. West Africa and outside Africa. Our problem is retooling and the issue is how do we produce shoes that can match the International Standard. We get most of our raw materials – pure leather from Kano but what they give us is the finished lower grade. Grade A is exported and the producers are given export incentives with little or nothing drawn into our own industry. The tools we use are basically local. Again, you look at the classification of SME, most of us are graded as micro industry but nothing is being done. Please, you people should look into that, we are now inviting Enugu Forum to our Zaria Convention that will come up in November. Please come and appreciate our situation better. Right we believe we can meet the shoe needs of the whole Nigeria, what we need is a change in the orientation that imported is better. Made in Nigeria shoes are durable, very durable and personally I can't wear foreign shoes but most people here now can hardly say so [PULLING OUT AND SHOWING OFF ONE OF HIS SHOES] what you see here is as durable as any shoe from Italy and there are more to this so we want this forum to do more. Next time inform us on time and give us adequate/detailed information.

DR?

Enugu Forum is an academic pressure group so the formation of the recommended Commission should be supported by State Committees of such commission and if it will have terms of reference related to the issues raised here then lets accept a Commission at South East level with State level committees and make it private not government. It can partner with government but let it continue as a pressure group to affect government, the banking sector etc.

MRS ONUGBO QUEEN'S SCHOOL, ENUGU

The area we need to pay more attention to is Agriculture. There can never be industrial development without Agricultural development. We talk of industrial clusters and we say repeatedly that we need raw materials, where do we expect to get them, the moon? Without Agricultural clusters, the industrial clusters cannot stand. Agriculture provides ready markets for industrial products and market outlet (or raw materials) is the most important thing to consider at this stage. Oil has diverted our attention from Agriculture and we establish industries with oil proceeds forgetting that these industries would need Agricultural products. Now we must address the issue of going back to Agriculture. The shoe factory at Aba will benefit from hides and skin, and where will palm kernel clusters get their palm kernel if not from Agriculture?

Onitsha is rated as the biggest market in West Africa, but it is now a shadow of its old self because importation is no longer possible. I want to appeal to this Forum that South Eastern States need an EP Zone, a Sea Port and we need an International Airport they are all very essential to our revival in this area.

ENGR OKOYE

I think it would be pertinent to mention that the South East Economic Commission concept in question will not just be for development of industrial clusters, it goes much beyond that. What we are talking about is an umbrella institution that can in fact go into all kinds of commercial activities on behalf of the South East zone. It seems to me that there is some kind of consensus that we have to set up some kind of a commission the details of which are yet to evolve. Perhaps we may need to set up a Committee here that can support the study of how this commission will be created. If we have come to that conclusion, except anybody have other recommendations along these paths then perhaps we can then go ahead to appoint members of this commission.

MEMBER, MAN

The Commission to be set up should identify markets for the clusters that are going to be established. If there are no markets, clusters will not thrive. It should partner with oil industries to finance clusters as well as identifying the nearest pipelines to the clusters because its cheaper to make use of a gas generator than a diesel generator.

Enugu Forum should recommend that Commissioners for Commerce and Industry in the South East States should be people who understand the economy so that if they get invited to forums like this they'll readily come because they will understand discussions and be able to contribute their own quota. SME's shouldn't expect pampering for too long, there are already enough protection ... nationally and globally to take care of them. Anambra State is doing well, partnering effectively with Donor Agencies and the private sector. Oleum is developing some infrastructures in the State while the State has agreed to acquire some shares from the company. The first President of the Stock Exchange was from this area but today Igbos are shying away from investing idle funds in the stock market.

Furthermore, all Eastern State Governors should be the first Marketing Officers of their States. They should be able to tell investors that this is our potential but most of them don't do that but Peter Obi influenced a multinational company that wanted to establish its industry in Lagos to do it at Onitsha, since that is where the market is. Right now the company is considering setting up either in Onitsha or in some other neighbouring state in the East. May I also comment on the 10% profit before tax and the issue of bank co-ownership of businesses over 10% loan from Bank. Its strange that most of our people refuse and resist it forgetting that once that happens, 80% of the burden is taken away from their shoulders, they will then be able to tap into managerial competence and so many other things like that. Our industrialists must live up to their social responsibilities though its Government that provides enabling environment they can help government by doing some part of the infrastructural development for example 40 industries at Atani came together to construct some part of Atani Road.

ENGR OKOYE (CHAIRMAN)

We may have come finally to the end of this very revealing and interesting seminar in which we discussed extensively about the relevance of industrial cluster to the

development and growth of the South East economy. We have agreed of course that 3 distinct people have a role to play.

Cluster operators

Customers

government

When all three components come together we also agreed there will be capacity for “anyuko nwamiri onu ogba ufufu. There is an agreement that we must take our destiny into our hands, that the era of continuing to depending on government to do everything for us cannot lead us anywhere. There is already some loss of faith in the fact that government is not living up to expectation, against these background we have agreed to set up a South East Economic Commission which will bring everybody together, all states in the South East zone to become hopefully a vehicle through which we can begin to unravel the economic and commercial interests of the South East zones and that with this envelope we will be able to begin to identify some of the factors Dr. Ifediora had applied here today and its in response to that therefore that we have agreed to form a study group to work with the people already working on this idea.

COMMITTEE MEMBERS

President, Enugu Chamber of Commerce

Dr. Ifediora Amobi

Mrs. Onuigbo (Queens School, Enugu)

Dr. Alimba (Head Agric Econs Dept., EBSU)

MAN Rep

Shoe Industry Speaker

Mr. Osakwe (Plastic Cluster)

Mr. Ikebude

Prof. Obi (fellow of the Institute)

Young Okezie (SME Enugu)

Nkeiru Okeke (Perm Sec. Anambra State)

Martin Ilo (Economic Adviser to Government, Enugu State)

Hopefully by next Enugu Forum we will begin to hopefully have some concrete indicators as to the way the South East Economic Commission will unfold and I can assure you that there are some people in the Diaspora who are already thinking along these lines. We would have a convergence of ideas that will help us put in motion the machinery for revolutionise the role that clusters can play, that we too can play individually to bring about economic revival in the South East Zone. I think on that note, I want to thank each and every participant in this seminar. Its been very lively, and Enugu Forum expects you in subsequent editions.