PROBLEMS AND PROSPECTS OF THE DEVELOPMENT OF IRON AND STEEL INDUSTRY IN NIGERIA:
A CASE STUDY OF AJAOKUTA STEEL COMPLEX

BY

ALHAJI DAUDA A. NEGEDU

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DISSERTATION

SUBMITTED TO THE DEPARTMENT OF ADMINISTRATIVE STUDIES, INSTITUTE OF ADMINISTRATION IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF POST-GRADUATE DIPLOMA IN PUBLIC ADMINISTRATION OF AHMADU BELLO UNIVERSITY

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P R E F A C E

One of the most common characteristics of less-developed countries is geographical. One aspect of the geographical environment is the relationship between the amount of available land that contains adequate resources to sustain a viable economy and the population depending on it. Lack of mineral and other natural resources which provide basis for industrialisation is another factor. Where many less-developed countries possess minerals like iron ore, coal, diamond, gas etc the human and capital resources to convert these into development potentials become a problem.

It is therefore considered both as a challenge and motivator to examine the problems and prospects of the development of iron and steel industry in Nigeria as an academic exercise. It is hoped that the findings of the study will provide some useful information to readers and organs of the Federal Government of Nigeria who are responsible for making the establishment of a steel industry a reality in Nigeria.

METHODOLOGY

The data used for this study were obtained using three main approaches:

(a) Oral Interviews

Interviews were held with the General Manager and Chief Executive, Secretary to the Company, Head of Exploration, Heads of Departments, Heads of Sections, the cross section of both the technical and supporting staff.

(b) Informal Discussions

Informal discussions were also held with the officials of the company at various stages of the study.

(c) Reference to Official Documents

References were made to the Company's Monthly Reports, the Company's conditions of service, Newspaper Reports and official files of the company in search for the information presented in this paper.

LIMITATIONS

There were difficulties in arranging suitable times for interviewing the interviewers because of their other engagements. There were also delays in receiving relevant documents and reports.

DEDICATION

Dedicated to my father Alhaji Ali Negedu for giving us his children good up-bringing and for his relentless effort to see us succeed.

A C K N O W L E D G E M E N T S

I do express my gratitude to Alhaji Yahya Aliyu, Registrar of Ahmadu Bello University, Zaria, for granting me permission to attend the course leading to the award of Advanced Diploma in Public Administration. I also express my sincerest thanks to Mr. S.A. Adejumo, Alhaji Abdullahi Ibrahim, Mallam J.J. Adamu and Prof. P.C.A. Daudu for their support, contributions and encouragement towards my success in the course.

I am gratefully indebted to Mr. D.U. Osagiede, who, despite his crowded and arduous responsibilities found time to supervise this report.

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CHAPTER ONE

I N T R O D U C T I O N

The fact that the establishment of a steel industry in any country in the world is most desirable for rapid economic development is undisputable. In a lecture titled "Steel Development and Nigerian Power Status" organised by the Nigerian Institute of International Affairs, Victoria Island, Lagos on 26th July, 1980, the then Steel Development Minister Mr. Paul Unongo declared that with a well-planned and fully established iron and steel industry by Nigeria, the path towards achieving power status for herself is guaranteed.

"The greatness the world attaches to any country today is on the basis of her power status which is based on her military, economic and cultural influence and not on the number of her muscular citizens, geographical size or bottom power. The Minister said that although Nigeria was able to purchase sophisticated military weapons from super powers, she stood vulnerable to aggression because the hardwares are not ours.

Unless we are able to use our steel to build our nuclear technology, warships, bombs, war aircrafts etc, we cannot create wealth for our people or maximising the nation's power status, he remarked.

He cited an example of the Arabs, who he said were

unable to suppress the Isrealis over the controversial occupied Arab lands and yet the South African Government flourished with its racist policy.

He wondered why Africa with all her richness in every respect could not boast of a single powerful country and called for indigenous power status via steel industrial development.

"For Nigeria, he continued, she should be able to protect her own internal capability in order to ward off the culpable effects of British Colonialism which swept the initiations of our forefathers under the carpet, in the name of maintaining law and order.

"Nigeria should aspire to power status through the establishment of steel industry.

On the role, Nigeria could play in helping other African States exonomically through the establishment of steel industry, Mr. Unongo said she could rescue them by assisting to establish steel-based industries.

"Nigeria can help to tap the extensive 'iron and steel untapped resources in Liberia which exports her iron ore and Guinea which also exports similar resources. All these are credible sources of power status", he declared.

The Minister therefore urged every Nigerian to do his or her best especially scientists in seeing to the successful establishment of the steel industry.

"The steel industry will give reliable defence for Nigerian and generate wealth and necessary capital to develop her economy as well as manufacture of military hardware: African High Command will get a booster for this industry which has been on proposal ever since by OAU".

CULLED FROM NATIONAL CONCORD NEWSPAPER, Vol.1 N.133 OF JULY 28, 1980.

ABBREVIATIONS

N.S.D.A	Nigerian Steel Development Authority
T.P.E	Tetra Prom Export
H.E.	Head of Exploration
P.M.	Project Manager
U.S.	United States
O.A.U.	Organization of African Unity
U.S.A.	United States of America
U.S.S.R.	United Soviet Socialist Republic
O & T.S.	Operations and Technical Services
N.E.P.A.	National Electric Power Authority
P.H.	Port Harcourt
U.N.I.D.O.	United National Industrial Organisation
N.N.S.L.	Nigerian National Shipping Line
N.F.C.	National Freight Company
N.I.C.O.N.	National Insurance Corporation of Nigeria
L.P.O.	Local Purchase Order
S.A.I.L.	Steel Authority of India Limited

OVERVIEW AND POLITICS OF NIGERIAN STEEL INDUSTRY

As far back as 1952 Nigeria has been making preparation for the establishment of an Iron and Steel Industry. In 1971 an Iron and Steel Secretariat staffed by top Nigerian Steel executives was established at 136 Yakubu Gowon Street, Lagos. The Authority later annexed offices at 90 Norman Williams Street, Keffi, Ikoyi, Lagos, thereby giving the impression that we were ready to start.

The decision to build an iron and steel complex in Nigeria was an important effort to utilise some mineral resources which exist in abundant quantities in the country.

There are a few other African countries which have iron ore. These include Liberia, Sierra Leone and the Republic of Guinea. None of these African countries has embarked upon the building of a steel complex to process their crude iron ore.

What ordinarily happens is that some foreign interests extract the iron ore which is later processed in steel mills in the U.S., Western Europe and Japan.

Sometime ago, the federal government of Nigeria invested N65,000 in the Mifergui-Nimba and Simandou Company of Conakry, in Guinea. This company includes a consortium of foreign companies from Japan, Spain, the U.S.A. and Britain. Algeria and Zaire are other African countries which have been invited

to become shareholders in the company.

The Guinea iron ore consortium is only to extract iron ore - the company is not expected as yet to engage in the making of steel.

At the moment only Eqypt, Algeria and South Africa have steel mills in the whole of Africa. Hence in black Africa, Nigeria is pioneering the construction, design and running of a steel complex which is to use available raw materials.

The successful operation of a steel project in Nigeria will not only create more wealth, but will also user Nigeria into an era of a number of technology-based industries. In other word, with the successful operation of a steel complex, Nigeria will be taking definite steps on the road to becoming an industrial nation.

For all these reasons, it is clear that the Iron and Steel project plays a pivotal role in our development efforts.

We have car assembly plants in Kaduna, Lagos, Enugu, Bauchi and Kano. The construction industry in Nigeria is booming. These are areas where a Nigerian Steel Industry becomes useful and can further reduce foreign exchange costs.

The Guidlines to the third development plan (1975 - 80)[1] have some relevant things to say about the delay in implementing

the Iron and Steel project.

The Guidlines say among other things: It is important to emphasise that nothing has been gained by the delay in implementing the Iron and Steel project. For this as well as for most major planned projects the problems have been the shortfalls in the implementation of federal government programmes.

"These projects have major socio-economic consequences and as a result decisions on their location are HEAVILY POLITICALLY charged and this leads to delays. It is desirable to work out a location strategy which will eliminate or at least reduce the agonising delay in implementing major federal government industrial projects.

"The strategy will be built around a decision process which enables the location decision on a number of projects to be taken simultaneously. This approach to the problem will take into consideration not only techno-economic factors which impinge on locational decisions for important projects".

The foregoing allegation of political factors affecting economic projects, coming as it did from the federal ministry of economic development has led to speculation

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1. The Third National Development Plan of Nigeria, 1975-80

among ordinary Nigerians about what kind of political factors were delaying urgent economic projects in the military era in Nigeria.

The author intends to look at the tortuous history of the Nigerian Iron and Steel project in two different phases - the civilian, pre-1966 phase; and the project during the last military regime.

The first National Development Plan (1962-68)[2] gives the impression that preliminary and other feasibility studies connected with the Iron and Steel project had been completed and that the federal (civilian) government only had to take a decision about the location of the steel complex for actual construction work on it to begin.

The relevant passage of the 1962-68 Development Plan states as follows:

"Substantial progress has been made - on the formulation of the establishment of a viable Iron and Steel complex which will use Nigerian ores, limestones, coal and electric power.

"Government has invited international competition for a viable project and several proposals have been received. While it is not possible at this time (1962) to specify the project which may be finally selected, sufficient progress

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2. First National Development Plan of Nigeria, 1962-68.

has been made to be CERTAIN that a decision may be made within A FEW MONTHS.

"To ensure the minimum possible delay in commissioning the steel mill, the federal government has set aside the full expected cost of ₦130 million for this purpose.

"The earliest year in which the steel mill can come into operation will be in 1966, and it will reach the full capacity output in 1970 - 71".

The 1962-68 Plan gave some technical details about the proposed steel mill.

It was expected to have a capacity between 125,000 tons to 250,000 tons of iron ore; 75,200 tons of limestone and 110,000 tons of coal.

The Plan adds further: "If the steel complex is located in the Onitsha or Lokoja areas, it would add about 53 million tons to river traffic".

The steel mill will require about 13 per cent of the installed generating capacity of the Kainji dam and will add about 27 per cent to the electricity demand expert cited in 1971-72 and was expected to provide direct employment to about 1,500 persons.

The 1962-68 Plan concluded as follows:

"The size of the steel complex and its repercussions throughout the economy make it essential that the greatest

care is taken in evaluating the proposals submitted with a view to selecting the steel mill most suitable to Nigerian conditions.

It is reasonable to infer from what was written about the Iron and Steel project in the 1962-68 Plan that the federal civilian government in 1962 were quite clear in their minds about the kind of steel projects Nigeria was going to have. It is reasonable to infer further that the federal civilian government had satisfied itself that necessary geological survey and economic feasibility studies had been done and they both favour the establishment of a steel mill in Nigeria.

That was probably why the federal civilian government in 1962 set aside ₦130 million for the project; that was why the authors of the 1962-68 Plan writing at the beginning of the Plan period were sure that the federal government would select the kind of steel mill best suited to Nigerian conditions "within a few months".

They were also sure that the proposed steel mill would reach its capacity output between 1970-71; they were sure what kind of products would come out of the proposed steel mill.

Apparently everything had been decided on, at least on paper except the location of the proposed steel mill.

The 1962-68 Plan merely made an obligue reference to the fact that it could be sited either in Onitsha or Lokoja.

In the feverish political atmosphere of Nigeria's First Republic, nobody would be surprised of the different political factions that made up the federal government reached a stalemate in their haggling over the location of the proposed steel mill.

We know for a fact today that in spite of what appeared like the well-cut and dried plans of the federal civilian government of the first republic, Nigeria still has no iron and steel complex.

We can only speculate why the Iron and Steel mill blueprint never got translated into reality by the pre-1966 federal government. Politics must have been a serious factor.

Shortly after the 1962-68 Development Plan was launched, the crisis of the banned Action Group Party erupted in the former Western Region. A state of emergency was declared throughout the former Western Region which was lifted in January 1963. From then on, Nigeria lurched from one political crisis to another until the Armed Forces disbanded the professional civilian politicians of the First Republic on January 15, 1966.

A religious-minded person reading the 1962-68 Plan

surveys, the completed capacity of the proposed integrated Iron and Steel mill will be 750,000 tons a year.

"Technical investigations on the old and newly discovered ore and coal deposits as well as designing of the project will be completed during the current (1970-74) Plan period. Construction of the basic iron and steel making plant is expected to commence by the beginning of 1974. The estimated cost of the whole project by completion date is about £120 million (₦240 million).

"Within the overall programme of building an integrated Iron and Steel complex, the construction of the rolling mill and other finishing workshops may be phased in, earlier during the plan period, to supply needed intermediate products for projects in the metal working sector. This will be in accord with national industrial priorities of stimulating production of building construction materials, agricultural implements, metal tools, components for the motor assembly plants, construction of vehicle bodies, pipes, cables, wires and nails".

A few points are remarkable in the reference to the Iron and Steel Project in the 1970-74 Development Plan.

The first is that it talked of market studies and feasibility surveys carried out in 1967. In tense political atmosphere of 1967, whatever market studies and feasibility surveys were carried out could not have included the former three eastern regions of Nigeria.

Secondly, the capacity of steel mill which was formerly estimated at a maximum capacity of 250,000 tons of steel a year, has been revised to a maximum capacity of 750,000 tons of a steel a year. In other words Nigeria is to have a bigger steel mill and the estimated cost of the mill has been revised upward to ₦240 million.

From the relevant passages in the 1970-74 Development Plan, it appears that everything was going on smoothly with the planning of Nigeria's proposed steel mill. At least actual construction work was not expected to begin until sometime in 1974.

But since the second development plan was launched in 1970 a number of things had happened which has aroused public curiosity about what is really happening to Nigeria's proposed steel mill.

The first of such happenings was the establishment by decree in 1971 of a Nigerian Steel Development Authority. The Authority, among other things was empowered to construct, maintain and run steel mills in the place or places specified by the then federal military government.

This Authority like the National Petroleum Corporation in petroleum matters, was the federal government's technical arm in the matter of developing a Nigerian Iron and Steel Industry.

Apparently the federal government was to depend on the technical advice offered to it by the Authority before taking decisions on the Nigerian Steel Project.

Secondly, pages 20 and 21 of the Guidlines to the Third Development Plan published by the Federal Ministry of Economic Development suggested that the delay over taking a decision on the location of Nigeria's proposed Iron and Steel mill is due to some political factors.

Thirdly, some earstwhile federal commissioners and officials of the defunct Nigerian Steel Development Authority have made statements which have clearly cleared the air about what is really happening to Nigeria's proposed steel mill.

It is known that between 1967 and 68 some Soviet experts undertook feasibility studies with regard to the Steel project. Later in 1969, the Soviet Authority offered Nigeria about ₦100 million to assist the development of the steel project.

In 1970, a Nigerian delegation visited the Soviet Union to discuss technical aspects of the proposed steel mill.

On October 9, 1972, the New Nigerian Newspaper carried a report about a visit to Nigeria of Mr. Smeliakor Nikolia, the Russian Deputy Minister for Foreign Trade.

The Russian Minister referred to a team of Russian geological experts who were carrying out detailed geological survey in Nigeria to determine the extent of the mineral deposits in the country.

It is believed that these Russian experts are still working in the country in close collaboration with Nigerian experts.

On October 11, 1972, the Daily Times reported Dr. Adebayo Adedeji, the then Federal Commissioner for Economic Development as saying in Kano that the Federal government has earmarked ₦20 million to start off the proposed Iron and Steel Industry. Dr. Adedeji said that a final decision on the siting of the Iron and Steel complex would not be taken until the report of experts was received.

Later, on January 26, 1973 the Nigerian Observer reported Dr. Adedeji as saying that Russian experts were already in the country to carry out a feasibility study on the establishment of an Iron and Steel industry in Nigeria.

The then Federal Commissioner for Industry, Dr. Eyitayo Adetoro, disclosed in Enugu (Daily Times, February 7, 1973) that a preliminary survey report on the proposed Iron and Steel industry in Nigeria had been submitted to the Federal Government

The Daily Times reported Dr. Adetoro as saying that "two of such industries (Iron and Steel) might be set up in

the country.

In the New Nigerian Newspaper of May 30, 1973, the project manager of the defunct Nigerian Steel Development Authority, Mr. Akin Adegboye said that Nigerian Steel complex would not be erected within the 1970-74 plan period as originally planned. He attributed the departure from the date originally envisaged in the 1970-74 plan to some "economic and technical factors that are still being considered".

According to the project manager one of the outstanding problems being considered is whether iron ore or coking coal would be available in good quantity in the country. Technically, Mr. Adegboye said that the availability of adequate infrastructural base for the iron and steel complex was being looked into.

He disclosed that the Nigerian Steel Development Authority was looking into whether the Nigerian Railway Corporation and the National Electric Power Authority (NEPA) would be able to cope with the expansion schemes which the project would demand. The Nigerian Steel Development Authority was also to look into whether there would be adequate water supply, road and water transport for the production of iron and steel.

At that time, one overall impression emerged from the

reported statements of Dr. Adedeji, Dr Adetoro and Mr. Akin Adegboye - that Nigerian Iron and Steel project had not progressed much from where the civilians of the First Republic left off for the military men. Besides, the steel mill's production capacity has been increased from 250,000 tons to 750,000 tons a year.

Secondly it appears that the federal government (civilian and military) had been inundated with a lot of reports, surveys and feasibility studies. Some of them were probably conflicting and this did not make the decision-making process by any means easier.

But it appeared that the Nigerian Steell Development Authority (NSDA) would be mainly responsible for the technical data on which the federal government was to base its decision on the location of the steel project.

When the Federal Ministry of Economic Development Guidelines to the Third Plan talks about delay due to political factors, Nigerians naturally wondered what such political factors could be in the then military era.

When the defunct NSDA was established there were attempts to involve Nigerians deeply in all aspects of the preparation of the Iron and Steel project.

It appeared that the NSDA was going over a lot of ground work which foreign experts working without Nigerians had

covered. Nobody was however of the view that a decision should be reached before the NSDA was satisfied that it had done a thorough job of geological survey and feasibility studies.

But since the Federal Ministry of Economic Development's Guidelines let the cat out of the bag on alleged political factors affecting decision on location, it was no use sweeping the question under the carpet and pretending that it did not exist or that it could never have arisen. To have done so would have meant to have run away from the realities of our country.

Since 1962 when the federal government talked definitely about an Iron Steel Complex for Nigeria, decision was never taken on its location until 1977.

CHAPTER TWO

THE ESTABLISHMENT OF THE NIGERIAN STEEL DEVELOPMENT AUTHORITY

Decree No. 19 of 14th April, 1971.

The Federal Military Government hereby decrees as follows:-

1. (1) There shall be established a body by the name of the Nigerian Steel Development Authority which shall be a body corporate with perpetual succession and a common seal.

(2) The Schedule to this Decree shall have effects with respect to the membership and procedure of the Authority and the other matters there mentioned.

Responsibilities and functions of the Authority

2. (1) Subject to and in accordance with this Decree, the Authority shall be charged with the responsibility for:-

(a) the construction, operation and maintenance of a national iron and steel plant or national iron and steel plants in such a place or such places in Nigeria as the Federal Military Government may require,

(b) the procurement of materials for the construction, operation and maintenance of the plant or plants in question, and

(c) the development of the application and use of iron and steel generally -

(2) In connection with the discharge of its responsibilities under subsection (1) above, the functions of the Authority shall be :-

(a) to examine from the technical and economic point of view in all its aspects the feasibility of establishing in Nigeria a national iron and steel plant or national iron and steel plantsor the basis of locally available raw materials, imported raw materials or both, to consider suitable processes, possible sites and other factors relating to the establishment of the steel plant or plants and to make recommendations as to the viable economic conditions for the establishment thereof,

(b) to conduct, manage and co-ordinate (in collaboration with the mining operations and other necessary activities for obtaining in Nigeria materials of the kind needed for iron and steel production.

(c) to establish facilities and conduct tests and operations for ascertaining and improving the quantities and performance of the materials and processes for iron and steel production and of iron and steel products,

(d) to design, erect and construct in Nigeria a national iron and steel plant or national iron and steel plants and provide and carry out incidental services and works,

(e) to train managerial and technical staff for the running of the said plant or plants and for carrying out

of the various surveys, service and other activities incidental or related to the plant or plants and its or their establishment.

(f) to conduct research and development to the technology and other aspects of iron and steel production and in the application of iron and steel products.

(g) to operate and manage the said plant or plants and incidental services and to sell iron and steel products,

(h) to utilise the by-products of the steel plant or plants

(i) to develop and manufacture iron and steel products and equipment to be used for the purposes of and in relation to basic engineering;

(j) to collect information on the supply and demand and prices of iron and steel products in Nigeria and elsewhere in order to determine how the development of industries in Nigeria thereby affected,

(k) to effect the standardizations of iron and steel products for economic production and utilization and for the purpose of facilitating the co-ordination of specifications.

(l) to make recommendations to the Commissioner on the formulation of policies relating to the development of the iron and steel industry and related industries in Nigeria and

(m) to carry on all such other activities as are necessary

or expedient for the discharge of its responsibilities under subsection (1) above.

3. Powers of the Authority

(1) Subject to subsection (2) below, the Authority shall have power to do anything which in its opinion is calculated to facilitate the carrying on of its activities, including without prejudice to the generality of the foregoing the power to:-

(a) sue and be sued in itscorporate name.

(b) hold and manage movable and immovable property, and

(c) enter into contracts.

(2) Except with the general or special approval of the Commissioner, the Authority shall not have power to borrow money or dispose of any property (including land vested in the Authority pursuant to section 9 of the Decree).

4. The Chief Executive Officer and the Secretary

(1) There shall be a General Manager of the Authority who shall be the Chief Executive Officer and shall be responsible for the day to day running of the Authority's iron and steel plants and their associated services and the day to day conduct of the Authority's activities,

(2) Notwithstanding subsection (1) above:-

(a) the General Manager shall not be appointed until the Commissioner and the Authority have agreed that production of iron and steel by the Authority is about to commence and

that the appropriate time has arrived for the appointment to be made, and

(b) until the appointment is made there shall be a Project Manager who shall be the Chief Executive Officer and shall be responsible for managing and carrying on all activities necessary or incidental to the commencement of the production of iron and steel by the Authority and in particular without prejudice to the generality of the foregoing, for the proper carrying out of the Authority's functions under paragraph (f) and paragraph (i) to (l) of section 2 of this Decree.

(3) There shall be a Secretary to the Authority who shall be an officer but not a member of the Authority and shall keep the Authority's records and performs such other duties of a clerical and secretarial nature as the Authority may from time to time direct and require.

5. Staff Generally

(1) Subject to this Decree the Authority may appoint such persons as members of its staff as it considers necessary and may approve conditions of service including provision for the payment of pensions:

Provided that no pensions scheme shall be put into operation without the prior approval in writing of the Federal Commissioner responsible for pensions.

(2) If the Commissioner thinks it expedient that any

vacancy in the staff of the Authority should be filled by a person holding office in the public service of the Federation, he shall inform the Commissioner responsible for establishments to that effect, and thereafter the Public Service Commission of the Federation may fill the vacancy by way of secondment or transfer.

(3) Where a member of the public service of the Federation is seconded under subsection (2) above, he shall be notified of the terms and conditions of the secondment; and the secondment shall be without prejudice to any pension right which but for the secondment, would still accrue to him.

(4) A person seconded under subsection (2) above may elect to be transfered to the staff of the Authority, in which case any previous service in the public service of the Federation shall count as service for the purposes of any pension subsequently payable by the Authority.

(5) Where a person who is a member of the public service of the Federation is transferred to the service of the Authority, then, if the Commissioner responsible for pension so directs -

(a) that persons former service in the public service of the Federation shall be taken into account in applying the provisions of the Pension Act and

(b) that Act shall have effect as if that person's subsequent service with the Authority were service in the

public service of the Federation.

(6) Section 2 of the Statutory Corporations Act (Special Provisions) Decree 1969 shall apply in relation to the Authority as if the Authority were a corporation affected by that Decree, so however that in the application of the section -

(a) references to the board of an affected corporation shall be construed as references to the Authority and

(b) references to appointment shall be construed as excluding references to the appointment of ex officio members of the Authority or their deputies.

7. Financial Provisions

(1) There may be made to the Authority out of money provided by the Federal Military Governments payments for the purposes of this Decree either by way of grant or by way of loan or both, of such amounts and on such terms as may be approved by the Commissioner, and the funds of the Authority shall consist of any payments so made and of Authority in the course of its activities under this Decree.

(2) The Authority shall submit to the commissioner not later than 31st December in each financial year income (excluding payments to the Authority out of moneys provided by the Federal Military Government) during the next succeeding financial year.

(3) The Authority shall keep proper accounts in respect of each financial year and proper records in relation to those accounts and shall cause it's accounts to be audited as soon as may be posible after the end of each financial year by auditors approved by the Federal Commissioner for Finance.

(4) The Commissioner if he thinks fit, may modify the requirements of subsections (2) and (3) along in their application to the financial year during which the Authority is established.

(5) With the approval of the Federal Executive Council the Commissioner may issue to the Authority directives as to the disposal of surplus funds, and subject to any such directives the Authority may invest its funds and maintain a general financial reserve.

8. Annual Report

(1) The Authority shall prepare and submit to the Commissioner nor later than 30th June in each financial year a report in such form as the Commissioner may direct on the activities of the Authority during the immediately preceding financial year and shall include in the report a copy of the audited accounts of the Authority for that year and of the auditors report on the accounts.

(2) The Commissioner shall cause a copy of each report made to him under this section to be laid before the Federal Executive Council.

(3) The Commissioner, if he thinks fit, may modify the requirements of subsections (1) and (2) above in respect of the financial year during which the Authority is established and the immediately preceding financial year.

9. Compulsory Acquisition of Land

(1) Whenever there is any hindreance to the acquisition by the Authority under this Decree (including any failure by the Authority to reach agreement as to the amount to be paid in respect of the acquisition) the commissioner, on the application of the Authority and after such enquiry as he may think fit may declare that the is required for the service of the Authority.

(2) Where a declaration is made under subsection (1) above, the land to which the declaration relates shall be deemed to be land required for a public purpose of the Federation within the meaning of the Public Land Acquisition Act, and the Head of the Federal Military Government -

(a) may cause action to be taken under that Act for acquiring the land for the Federal Military Government or

(b) if the land is native land, may issue a requisition under the appropriate law for the convocation of any rights

relating to the land.

(3) Where a declaration has been made under subsection (1) above in respect of any land than native land and -

(a) the land has been acquired pursuant to subsection (2) above, or all incidental expenses incurred by that Government.

(6) A plan of any land referred to in subsection (1) above-

(a) containing measurements of the boundaries of the land,

(b) showing the relationship of the land to any sufficient identifying mark, and

(c) signed by the Chief Executive Officer of the Authority shall be sufficient description of the land for the purposes of an application under that subsection.

10. Protection of Authority's Land

(1) Land invested in the Authority shall not be liable to be acquired compulsorily under any enactment; and not withstanding anything in any other enactment, no mining operations shall be carried on in or under any land vested in the Authority for any land over which the Authority is entitled to rights of supporting for the benefit of lands so vested except with the poor consent in writing of the Commissioner or the Authority.

(2) Any person who suffers loss by reason of the provisions of subsection (1) above relating to mining operation shall -

(a) be paid adequate compensation by the Authority in respect of the loss and

(b) be entitled to refer any question as to the Head of the Federal Military Government is satisfied that there are no rights subsisting in respect of Military Government may vest the land in the Authority by means of a certificate under the hand and seal of the Chief of Federal Land Officer.

(4) Where a declaration has been made under subsection (1) above in respect of any native land and -

(a) the rights relating thereto have been revoked pursuant to subsection (2) (b) above or

(b) the Military Governnor or Administrator of the State in which the land is situated is satisfied that there are no rights subsisting in respect of the land, the Military Governor or Administrator in question may grant the Authority a right of occupancy of the land on such terms and conditions as he thinks fit.

(5) The compensation, if any, payable under the Public Land Acquisition Act for the acquisition of any land under this section or payble under the appropriate law for the revocation of any rights relatings to the land as the case may be, shall in the first instance be paid by the Federal Military Government, but the Authority shall refund to that Government any compension so paid and his interest

in the subject matter of the loss and as to the amount of any compensation payable in pursuance of this subsection for determination by the High Court having jurisdiction in the area in which the subject matter is situated.

(3) This section binds the state for the purposes of section 9 of the Interpretation Act 1964.

11. Interpretation

In this Decree, unless the context or otherwise requires -

"the appropriate law", in relation to a State, means any law in force in the State defining native lands and providing for the revocation of rights relating thereto of any such land is required for public purposes of the Federation;

"the Authority" means the Nigerian Steel Development Authority established under section (1) of this Decree;
"the Commissioner" means the Federal Commissioner for Industries.

"mining operations" include the prospecting for and getting of minerals and mineral oils and any activities preparatory or incidental thereto;

"native land" in relation to a State, means native land in the State within the meaning of the appropriate law;

"plant" includes machinery, buildings, furniture, fixtures and other equipments.

12 Citation and extent

This Decree may be cited as the Nigerian Steel Development Authority Decree 1971 and shall apply throughout the Federation.

CHAPTER THREE

CONDITIONS OF SERVICE OF THE NIGERIAN STEEL DEVELOPMENT AUTHORITY

One of the factors that attracts labour to any employment is its conditions of service. In a very important enterprise such as the Ajaokuta Steel project, one would have expected very good conditions of service but contrary to expectation, the reverse is the case. The importance of good conditions of service in public enterprises in Nigeria was stressed in a lecture titled "Public Corporations and Conflit of Expectations" delivered to the students of the National Institute for Policy and Strategic Studies in Jos, Plateau State by the Presidential Special Adviser on Statutory Boards Dr. O.O. Olaifa. He declared "such organisations should be empowered to adopt suitable service conditions and salary structure based on proper job evaluation. He warned that such an exercise should not be undertaken under the auspicies of civil servants; but the government could fix the lower and upper limits of salary brackets having regard to the economic situation of the country from time to time"[1]. At the time of compilation of the report of this study, the conditions of service operational at Ajaokuta Steel Project was the one it inherited from the defunct Nigerian Steel Development Authority

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1. New Nigerian Newspaper No. 4,539 of Friday, 3rd October, 1980

which was designed by the civil servants from the Federal Ministry of Industries. It is therefore noteworthy to take a look at some sections of the conditions of service.

SECTION 1 - RECRUITMENT

A1.01. Types of Appointment

Appointments may be made:-

(a) On probation in a pensionable posts;

(b) On non-pensionable contract to a non-pensionable post;

(c) On contract to a pensionable post;

(d) On a month-to-month or other basis (excluding daily rated) to a non-pensionable post or gainst a pensionable post;

(e) On a daily-rated, non-pensionable basis.

A1.02. Levels of Appointment

All appointments including confirmations and transfers to pensionable positions and promotions will be made as approved by the Authority or the Project Manger from time to time.

A1.03. Appointments to Establishment Posts

All appointees to established posts will be provided with a formal letter of appointment by the Project Manger or any person duly authorised by him.

A1.04. Eligibility

To be eligible for appointment, a candidate must:-

Be over sixteen years of age;

(b) Possess at least such minimum educational qualifications for appointment as may be prescribed from time to time;

(c) Except in the case of temporary appointment be certified by a Medical Officer or Practitioner approved by the Authority to be in sound health and medically fit for employment;

(d) Produce at least two recent certificates of good character. If the candidate has not previously been in employment one of the certificates must be from the head of the school or college he last attended and if he has previously been employed, he shall submit the names of previous employers including the most recent.

(e) If the applicant is under bond or any form of obligation to any employer or organization he must disclose the facts at the time of interview.

(f) Be prepared to serve the Authority in any part of the Federal Republic of Nigeria.

(g) If applicant has been convicted of any criminal offence likely to affect his being employed he must disclose the facts at the time of the interview.

(h) Not have been previously dismissed from the service of the Authority.

SECTION 2 - APPOINTMENT ON PROBATION

A2.01. Period of Probation

Probation includes period of training. With the exception of staff already holding confirmed appointments in other organisations who join the Authority on transfer, secondment or contract appointment, all other senior staff entering the srvice of the Authority shall on assumption of duty hold their appointments on probation for the first twelve calender months of service. In the case of Junior Staff, except the daily-rated, the probationary period, an appointment shall either be confirmed or terminated or alse the probationary period if necessary may be extended for a period not exceeding three months.

A2.02. Termination of Appointment during probationary period

Appointment of an employee on probation may be terminated at any time by rendering of the appointment notice or payment of salary in lieu or by dismissal if the circumstances so warrant. No reason need be assigned. A2.03. Provided no misconduct was involved, an employee may be granted free transport back to the place from which he was engaged. If the employee is eligible for vacation leave in respect of his service to date, such leave may be granted with free transport, such leave, if any, should be so arranged as to take place

within the period of notice, and, if possible, to expire on the same day as the notice.

A2.04. If an employee relinguishes his appointment within the period of his probationary service, he may be required to refund any expenditure by the Authority to transporting him, his family, servant and baggage to or from the place or places, at which he has been employed, and he will not be eligible for any facilities from the Authority towards transporting from the station at which he is then serving.

A2.05 Termination after probation

The appointment of a permanent and confirmed member of staff can be similarly terminated by either party with one month notice or payment of one month's salary in liue of notice or payment of two months salary in lieu of notice will apply after 5 years service in the Authority.

SECTION 3 - APPOINTMENT OF NON-PENSIONABLE CONTRACT

A3.01 Contract Conditions

Appointments on contract will be subject to the conditions laid down in the contract and these shall override any Regulations with which they may conflict.

A3.02 Termination during currency of contract

An appointment on contract may be terminated by the

Authority at any time in accordance with the terms specified in the contract itself.

A3.03 Re-engagement'

The re-engagement or otherwise of any employee on contract is a matter for decision by the Authority.

A3.04 Responsibility of employee

An employee serving on contract who desires re-engagement should, three months before he is due to proceed on leave at the expiration of his current contract, notify the Management accordingly.

A3.05 Employee to be notified when re-engagement not offered

If a decision not to offer re-engagement is taken, the employee concerned will be notified immediately to enable him to make his personal arrangements.

A3.06 Deferred Leave

If a re-engaged employee is required to return to duty under his new contract before the expiration of all leave due under his former contract, the leave forgone will be treated as deferred leave to be enjoyed under the conditions of the new contract.

SECTION 4 - TRANSFERS FROM NON-PENSIONABLE TO PENSIONABLE APPOINTMENT

A4.01 Pensionable Posts

The Authority may, at its discretion, declare any post

within the establishment to be a pensionable post, and every post so declared shall be deemed to be a non-pensionable post.

A4.02 General

An employee who is permitted to transfer from a non-pensionable to a pensionable appointment must clearly understand that his appointment after such transfer may be subject to a period of probation to which the provision of Regulation A2.01 to A2.04 will apply and that, should he fail to secure confirmation in the pensonable establishment, he will have no claim to revert to his former non-pensionable appointment which was not preceeded by such an examination.

A5.02 Eligibility

The claims of employee for promotion will be considered on the basis of prescribed qualifications, experience, satisfactory performance, conduct and merit. Nothing in this Regulation shall give any employee a claim to promotion as of right.

A5.03 Effective Date

The effective date of a promotion will be any date specified by the Authority.

A5.04 Salary on promotion within Incremental Scales

If an employee is promoted to a salary that does not overlap his old salary scale, he will be placed at the

minimum point of his new scale; but where his salary in the former post is higher than the minimum point of his new scale of salary, he will be placed at the next point higher than his former salary.

SECTION 6 - SECONDMENT OR TRANSFER

A6.01 Any employee may be seconded from the Authority or transferred to another body being a Public Service of the Federal Republic of Nigeria.

B - DISCIPLINE

SECTION 1 - DISCIPLINARY PROCEDURE

SECTION 2 - TERMINATION

SECTION 3 - DISMISSAL

SECTION 4 - CONDUCT OF DISCIPLINARY PROCEEDINGS: SERIOUS MISCONDUCT

SECTION 5 - MISCELLANEOUS DISCIPLINARY RULES

SECTION 1 - DISCIPLINARY PROCEDURE

B1.01 Fines and Surcharges

A fine shall never be imposed as punishment but a surcharge nor regarded as a fine, may be levied against any servant (with the prior approval of an authorised Labour Officer in the case of daily-rated staff) by way of recovery of funds or property of the Authority which have been lost as a result of neglect or fault on his part.

B1.02 Warnings

A supervisor must draw the attention of his subordinates to any faults or short-comings in their work or conduct. A letter or memorandum showing details of the unsatisfactory work or conduct may be given to the subordinate concerned and he may be asked to submit within the specified period any written representation he may have. The subordinate concerned will be formally warned in writing if his explanations prove unsatisfactory.

B1.03 Misconduct

When it appears that the nature of offence is such that the subordinate deserves strong punishment than a formal warning, but is not serious enough to warrant dismissal, the matter shall be investigated and the subordinate shall be informed of the whole case against him so that he has an adequate opportunity of defending himself. If his representations are not satisfactory, he may be punished by reduction in rank, seniority or salary, stoppage of increment, severe reprimand, days off without pay (not exceeding 14 days) or otherwise.

B1.04 Suspension

1. Any employee may be suspended from the job by his immediate supervisor, if in the opinion of that supervisor it is in the interest of the Authority that the employee be prohibited from carrying on his duties, but he may not be deprived of any portion of his emoluments.

2. In the event of a supervisor suspending an employee the supervisor must take immediate steps to advise the next higher level of supervision of his actions and it will be the responsibility of all levels in the supervisory command structure to ensure that the matter is brought as promptly as possible to the attention of the relevant Management Employee who must be of sectional Head Rank.

SECTION 2 - TERMINATIONS

B2.01 Termination of appointment means loss of employment without loss of retiring benefits, except where the Authority stipulates a percentage of reduction.

B2.02 Types of offences involving termination of appointment

(1) General inefficiency - such as negligence, failing to do the amount and quality of work that is expected of an employee.

(2) False allegation incriminating any employee in any court of law.

(3) Malingering

(4) Fighting

(5) Conduct of an indecent or moral nature.

(6) Wilful breach of agreement, loans, advances, etc

(7) Spoilage of the Authority's property

(8) Persistent refusal to wear official uniform

(9) Subletting of the Authority's quarters

(10) Alterations to structures and fixtures withour permission.

SECTION 3 - DISMISSAL

B3.01 Effect of Dismissal

Dismissal from the service of the Authority means loss of employment and loss of retiring benefits.

B3.02 Types of offences involving dismissal

The following offences may lead to the dismissal of an employee from the service of the Authority:-

(1) General misconduct of any action prejudicial to discip'ine and proper administration of the Authority, e.g. corruption, dishonesty, drunkenness on duty, false claims against the Authority, assault occasioning serious bodily harm, foul language, insubordination or wilful disobedience in carrying out reasonable instruction of a s superior employee (such as refusal to proceed on transfer or to accept a posting), stealing, uttering false documents, falsifying documents, wilful destruction or misuse of the Authority's property, manipulation or suppression of records and accounts, unathorised sales of stores and scraps, unauthorised disclosure of official information.

(2) Conviction for a criminal offence, the gravity of the case will be considered.

(3) Sleeping on duty.

(4) False declaration.

(5) Engaging in trade in competition with the Authority or in conflict with the interest of the Authority or to the detriment of the employee's efficiency.

SECTION 4 - CONDUCT OF DISCIPLINARY PROCEEDINGS:

SERIOUS MISCONDUCT

B4.02 Termination in Authority's interest (General Inefficiency)

Notwithstanding the above provisions, if the Management considers that it is desirable in the Authority's interest that any employee should be required to retire from its service on ground which cannot suitably be dealt with by the procedure laid down in Regulation B4.01, he shall call for a full report from the Head of the Division in which the employee has served, if after consideration of that report and giving the employee an opportunity of submitting a reply to the complaints by reason of which his retirement is comtemplated, he is satisfied, having regard to the conditions of the service, the usefulness of the employee thereto and all the other circumstances of the case, that it is desirable in the Authority's interest so to do, he may require the employee to retire, and the service shall accordingly terminate on such date as the Management shall specify.

Before proceedings for the removal of an employee for general inefficiency can be taken in all ordinary cases, the employee must have been duly and plainly warned in writing more than once that his work was unsatisfactory or he must have had an increment deferred or withheld or he must have been otherwise warned so as to allow him ample opportunity for improvement).

SECTION 5 - MISCELLANEOUS: DISCIPLINARY RULES

B5.01 Absence from duty without leave

Any employee who absents himself from duty without leave renders himself liable to be dismissed from the service of the Authority without formality and the onus will rest on him to show that the circumstances do not justify the imposition of the full penalty.

B5.02 Duty outside normal working hours

Any employee is liable to work outside his normal working hours if called upon to do so by his immediate supervisor.

B5.03 Money lending

No employee shall make any loan at interest to any subordinate employee or shall act as an intermediary between any employee and a money lender or shall take any part in collecting debts on behalf of a money lender.

B5.04 Disclosure of official information

(1) It is the duty of every Head of Department to ensure that all employees in his department who have access to confidential documents have signed Declaration of Secrecy in the appropriate form and that the declaration so signed are safely preserved.

(2) Every employee is forbidden to disclose to unauthorised persons any information which he has obtained in the course of his official duties. Similarly, every employee is

required to exercise due care and diligence to prevent the knowledge of any such information being communicated to any unauthorised person.

B5.05 Copying of official documents

Every employee is prohibited from unofficially abstracting or copying official minute papers, records or other documents.

B5.06 Personal Records

Employees should not as a general rule be allowed to have access to their personal confidential records.

B5.07 Removing Records

Public and Authority Records

(1) No employee may on leaving the service of the Authority, take with him any Government record or any record of the Authority without the written permission of the Authority.

Historical Documents

(2) Historical manuscripts or other documents of public interest, which may be discovered by any employee may in the course of his duties not be removed from Nigeria or converted to personal use or other purpose. Their existence must be reported to the Authority.

B5.08 Publication and Public Utterances

Except in pursuance of his official duties no employee or member of the temporary staff shall, without the express permission of the Management whether on duty or leave of

absence:-

(a) act as the editor of any newspaper, magazine, or periodical or take part directly on indirectly in the management thereof;

(b) contribute to whether anonymously or otherwise or publish or cause to be published in any manner anything which may reasonably be regarded as affecting the Authority;

(c) speak in public or broadcast on any matter which may reasonably be regarded as concerning the affairs of the Authority; and

(d) allow himself to be interviewed or express any opinion for publication on matters affecting the business or policy of the Authority.

B5.09 Political Activities

1. No employee shall, without the expressed permission of the Authority whether on duty or leave of absence:-
hold any office, paid, or unpaid, permanent or temporary in any political organization Local Authority, State or Federal Legislature.

2. Nothing in this Regulation shall be deemed to prevent any employee from

(a) Voting any election;

(b) standing as a bona-fide independent candidate at any local government election or being co-opted to any

Local Government body, provided that work on the Local Government body does not in the opinion of the Authority conflict or interfere with his normal duties.

B5.10 Interest in Local Business, Property and Minerals Business

An employee whether or not his whole time is at the disposal of the Authority, shall on appointment to the service of the Authority disclose to the Management of the Authority in writing particulars of his family's investment or share-holding in any company having business dealing with the Authority or engaged in similar business to that of the Authority. If the Management shall decide that by reason of the facts disclosed the employee's private affairs might be brought into real or apparent conflict with his duties, the employee shall, to such extent as the Management may direct, divest himself of such investment or interest. But if the Management is satisfied that the employee's duties and his private interest will not conflict, he may be permitted, with the Project Manager's approval to retain these interests. Except with the prior approval of the Project Manager, no employee may hold or acquire shares or any interest (whether in his own name or in that of any member of his family) in any company described above.

B5.11 Engaging in Business

An employee whose remuneration is fixed on the assumption that his whole time is at the disposal of the Authority is prohibited from engaging in trade competition with the Authority or in conflict or to the detriment of his efficiency.

B5.12 Work for Private Persons or Firm

No employee may render professional service to private perons or firms, or accept remuneration for it, except with the written permission of the Project Manager which will not usually be accorded unless it is to the public advantage that it should not be withheld; the amount of the remuneration must be approved by the Project Manager. Such remuneration must be paid to the Authority or deposit until the orders of the Project Manager as to the share, of any which may be received by the employee personally is known.

B5.13 Seeking influence of prominent persons

The influence of members of the Authority, or any other persons must not be sought by officers or employee as a means of bringing their services to official notice in connection with promotion.

B5.14 Legal proceeding for libel or slander

No step may be taken by any employee without previous reference to the Project Manager to institute legal

proceedings in connection with matters arising out of his official duties.

B5.15 Unofficial Testimonials about Employees of the Authority

Senior employees are prohibited from issuing to their subordinates personal letters of recommendation regarding the official service unless with the prior approval of the Project Manager. A senior employee may, however, answer a confidential enquiry from the prospective employer of a subordinate by whom he has been named as a personal referee.

B5.16 Posting and Residence

Every employee must accept the responsibility of discharging any duties upon which the Authority may think it desirable to employ him and of being stationed wherever his presence is considered to be most useful.

CHAPTER FOUR

CONSTRAINTS TO EFFECTIVE ESTABLISHMENT OF THE INDUSTRY

The findings of the study showed that various problems ranging from politics, administrative, financial and technical were encountered which have since been impeding the successful realisation of setting up an effective steel industry in Nigeria. These constraints may be discussed under the following headings:

1. ADMINISTRATIVE CONSTRAINTS

Administration is to achieve laid down objectives and goals of an organisation through the co-operation of human and material resources. In doing this, the administration needs to plan, organise, direct and control the activities of the system in order to achieve such objectives. Administration is a multiple and complex field which needs consultation, co-ordination and co-operation with its human resources. In addition it needs material resources which could be obtained by finance.

The defunct Nigerian Steel Development Authority was under the Federal Ministry of Industries whose Permanent Secretary was the Chairman to the Authority. Red tapism which is a common feature in the civil service administration was brought into the Authority's administration. The Project Manager as the Chief Executive of the Corporation could not take any effective administrative decision without first of all

obtaining blessing of the permanent secretary. Decisions which could be taken with minimum delay and formality were always referred to the Federal Ministry of Industries, where files were kept in 'the pending trays' for several months.

To identify who is responsible for what duty is sometimes not easy to ascertain which had resulted in serious encroachment on each other's responsibilities and usurpation of authority thus making "passing the buck" relatively simple.

In many cases in the past, there was not the goodwill, co-operation, co-ordination and understanding between staff because of overlapping, conflicting and duplication of functions; rather some were impedements to others; and in some cases they resulted into witch-hunting of each other. However, it may be assumed that the above problems are being overcome with the restructuring of the Ajaokuta Company Limited as an autonomous Company with its board of directors, a General Manager as the Chief Executive and a Company Secretary. The formal attachment to the Federal Ministry of Industry is now non-existent. In place of it, we have a National Steel Council which is in the Executive Office of the President of Nigeria.

One of the characteristics of a good administration or "Management by Objectives"[1] is the degree of consultation

and participation of subordinates in organisational affairs. When staff participate in decisions that affects them and/or they are consulted, it helps both as a challenge and motivator than decisions imposed on them. This study discovered that there was general feeling that the administration takes certain major and sensitive decisions which includes purchase of essential items without due consultations with those concerned. Such decisions do not encourage labour motivation and thus tend to reduce productivity.

2. CIVIL ENGINEERING JOBS:

(a) Erection base: Contract for the civil works at the erection base has been awarded to Julius Berger Nigeria Limited. At the time of writing up this project most of the transformers and electrical materials intended for the erection base were yet to be received on site.

(b) Site Levelling/Sand filling: The contractors for site levelling of the Steel Plant are already mobilising to the site. Fougeroule (Nig.) Limited is already establishing her construction and living base. No serious earthwork has started as no working drawings have been issued. It is expected that by first week in June TPE will handover the working drawings for the vertical levelling. Julius Berger has already moved

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1. Humble, J. Management by Objectives.

some dredging equipment to the site and it is expected that work on that sand filling will start in July.

(c) Civil works proper: Discussions are still going on with the tenderers on the civil work for upland canal, bank strengthening, and river port. No contract has yet been awarded.

(i) Upland Canal: Working drawings are yet to be received from TPE.

(ii) Bank strengthening: Working drawings are yet to be received from TPE.

According to the Lenningrad Memorandum of August, 1980, these drawing were to behanded over by August, 1980.

(iii) River Port: The dredging of the river port at Ajaokuta has been completed. The contract is being negotiated along with the civil works for the plant.

(iv) Industrial water supply, sewerage and sludge treatment Plant: The detailed project report on these facilities are yet to be completed.

3. ERECTION WORKS:

Erection works have not yet commended. Essentially what are expected from TPE within the next quarter are working drawings of (i) Temporary networks of Electrical supply and lighting, (ii) Temporary network of water supply.

The working drawings for the Erection Base have already been handed over to the Company by TPE.

Site for Temporary Storage: The delivery of equipment to this site for the erection base is expected to start within the last quarter of 1981. It is the company's responsibility to clear and level the site and provide access to the site. According to discussions held with TPE on 17th April, 1981, it was agreed that this job will be completed within one month thereffrom. The company is already behind schedule in the execution of this work. The main access to this area is the western boundary road which is still under construction but work has not yet started on the link road to the storage area. The Management should bear pressure on Construction Division to execute this assignment immediately especially as equipment will start arriving this April.

4. ACCOMMODATION

The accommodation situation at the Geregu camp is no doubt inadequate to cope with the demand within the second quarter of 1981. According to the schedule of requirement of personnel for the execution of the works as per contract, 250 Nigerians and 100 Soviet Specialist were envisaged for initial construction jobs in 1980 and increasing to 3,000 and 1,000 respectively by 1981.

(ii) About 100/120 trainee tradesmen will be admitted into the Craft School at Ajaokuta before the end of the year.

(iii) About 100 or so staff members of Jos Laboratory are expected to move to Ajaokuta.

(iv) 63 newly recruited Engineers/Chemists are to join the camp.

(v) Some 57 NYSC members have already reported at Ajaokuta.

From above it is clear that additional accommodation must be found, for several persons on the site before the end of 1981.

Geregu Camp: Out of the existing 297 rooms totally available to the senior staff 240 are already occupied and 31 rooms are held in reserve for the Soviet specialists who are arriving soon. On the junior staff side there appears to be some shortages leading to overcrowding in some cases by daily paid workers who are squatting with their friends.

Township: The contracts for the 250 priority housing units and 100 twin bungalows have been approved by the Federal Ministry of Works. The contracts for the 1,000 units of the first phase of development of the township is still to be awarded. Baresel Limited, is handling the infrastructural development of the township and it is yet to mobilise fully to the site.

5. NIGERIAN PERSONNEL FOR THE CONTRACTOR:

Applications have been received from prospective employees and short listed but the shortage of accommodation at the camp is posing some problems in recruitment. Also the personnel department is awaiting the arrival of the Soviet Pioneer group as they will be requested to participate in the selection exercise.

6. TRAINING: The training so far is still under the Indo-Nigerian training contract. It is understood that TPE may be opting for erection training on the job at site instead of at USSR, but the Training Department is still keeping the option open. The training in USSR for operation has not yet commenced.

7. SHIPMENT OF EQUIPMENT: The first consignment of equipments and materials for the erection base was expected in the last quarter of 1980.

Already the Nigerian National Shipping Line (NNSL) has been in contract with the company and TPE representatives in Lagos to seek ways of implementing the clause regarding the participation of NNSL in the shipment of cargoes. It is expected that a shipping expert will be in the Soviet delegation arriving in Nigeria first week of July 1981 and further data will be provided and the visit of NNSL officials to port

of Tallin in the USSR will also be arranged.

8. ROAD HAULAGE:

(a) As with the other agencies initial meetings have been held with the TPE representative where it was made clear again that National Freight Company shall be the main subcontractor. The National Freight Company however, requested some data on cargo arrival schedule, classification of cargoes, etc which TPE is yet to furnish to NFC.

(b) As for River Transportation, nothing has been heard from the Central Water Transportation Company on what it is doing to carry out its obligations under the contract.

9. INSURANCE AND SECURITY:

The contract stipulates that insurance will be as per shipment to Ajaokuta. National Insurance Corporation of Nigeria (NICON) has requested for the shipment schedule and volume of each shipment but TPE has up till now not furnished the information. Security arrangement is to be discussed when the Soviet pioneer group arrives.

10. DETAILED PROJECT REPORT

(a) Sintering Plant Cooling area. TPE's confirmation that a Sinter Cooling area of 315 m will be adequate for the sinter plant is expected soon.

(b) The detailed Project Report on the following units are expected within the next quarter:

(i) offside industrial water supply;

(ii) sewerage and sludge treatment plant.

11. EXTERNAL INSFRASTRUCTURES:

(a) Electric Power: NEPA's 132/11 kv substation was commissioned in September 1978 and has since been connected to the various consumers in the Geregu camp. Contract has already been awarded for the construction of 2 x 330 kv lines from Benin City to Ajaokuta for bulk energy supply to the complex. The site for the proposed 330/132 kv substation has been selected. Work is expected to commence soon on both the construction of the lines and sub-station. Conspicously left out is the power supplies to Itakpe Mines and the Mining Settlement; some urgency is highly essential.

(b) Okene - Ajaokuta Expressway/Ajaokuta - Itobe Bridge:

Work on the expressway and spur road has progressed steadily. The contract for the construction of the Ajaokuta - Itobe bridge has not yet been awarded.

(c) Rail Lines: Port - Harcourt - Oturkpo - Ajaokuta (including rail bridge). The design has been completed and tenders have been called for but the contract is to be awarded.

(d) Dredging of River Niger: Not much information has been received by I & T Department.

(e) Gas pipeline: Design is completed but contract is yet to be awarded.

12. TECHNICAL ARCHIVES

(a) Drawings: Drawings for the construction base have been received. Registration and serial arrangement of the same have been completed. Mendings of damaged drawings and printing of copies of extremely damaged ones is going on.

(b) Drawing Cabinet: Drawing cabinets have so far not been acquired despite the fact that an L.P.O. has long been sent out for the acquisition of about 10 cabinets. Purchasing section is to follow up on this matter.

(c) Reproduction facilities: Almost all the necessary reproduction facilities for the archives have not been acquired. Immediate action should be taken to acquire the following:-

1. Photo-copying machine
2. Plan printing machine
3. Photographic equipment
4. Microfilming equipment.

(d) Accommodation: The archive accommodation has so far not been provided by Construction Division. It is necessary to have a good temporary accommodation to house all drawings/documents pending the erection of the permanent building. The building for the central Archives has to be ready before December. As per the Master Schedule the amount

of drawings to be received within the next 6 months is in the region of 100,000. The need for micro-filming and proper storqge need not be over-emphasized.

The personnel to man the Archives should be adequately trained and be responsible to one department.

PROSPECTS

Manpower Development and Training

During the peak construction period some 30,000 personnel will be engaged in the construction of the Ajaokuta Steel Plant. The Ajaokuta Steel Plant is an integrated steel plant designed for the production of 1.3 million tones of liquid steel per year in the first phase of operation. Production of hot metal will be based on the blast furnace route of iron-making. As part of the efforts to speed up production of steel in the country, the 320mm light sections and Bar Mill and the 150mm Wire Rod Mill are slated to go on stream in 1983. When the plant becomes operational the manpower required will amount to some 9,000.

Since the inception of the NSDA in 1971, In-plant on-the-job training schemes have been taking place in overseas countires. So far over 100 engineers and senior technicians have been trained or exposed to the technology of Iron and Steel production. Countries where NSDA personnel have trained include Canada, France, U.S.A., Italy, Britain, Japan, Sweden, USSR, and India.

Under an agreement with the Steel Authority of India Limited (SAIL), some 67 Nigerian Engineers have been given In-plant training in India Steel plants lasting from

12 to 18 months. Others, given training of shorter duration in India, include technical instructors, laboratory staff and other service personnel. This Indian Scheme is still on. An arrangement has also been reached with TPE of the USSR for the training of Nigerian Engineers and Senior Technicians in the fields of structural erection and plant installation. The NSDA has also sponsored some 60 of her junior personnel for studies in Colleges of Technology (Technicums) and Technical Universities in the USSR under a USSR Government Bursary Scheme. These 60 junior personnel are training in various aspects of the Iron and Steel Industry. There is also an arrangement under way to send some already trained Engineers and Technicians to Algeria for the purpose of gaining more practical experience in Algerian Steel Plant.

A large training complex has been established at Ajaokuta. Technoexport of the USSR is to supply the bulk of the equipment to be used in the complex. The training complex will turn out about 2,225 technicians and craftsmen when it becomes fully operational by 1981.

Finance: President Shehu Shagari's administration is committed to the establishment of a Steel Industry in Nigeria and to this end, a large sum of money was budgeted for the development of

the industry in his 1981 Budget Proposals. As reported in the National Concord Newspaper No. 357 of Thursday April 16, 1981, Nigeria has signed an agreement for a loan of about ₦276 million about (1.3 billion Dutch Marks) from the Federal Republic of Germany to finance engineering works at Ajaokuta. The Minister of Finance Mr. Victor Masi signed the loan agreement in Bonn, West Germany on behalf of the Federal Government with a consortium of German banks.

General: The construction of the civil engineering works is progressing steadily at Ajaokuta. The foundation stones of the Katsina, Oshogbo and Alaja Rolling Mills have been laid. At the laying foundation ceremony of Katsina Rolling Mills on Thursday, 16th April, 1981, President Shehu Shagari informed the Nation that Nigeria will soon take an enviable position among the steel producing nations within the next four years. To this end, the Federal Government is making concerted efforts to make our steel projects both efficient and viable. He said that the question of material supply and product distribution which were important factors in project viability and product pricing were engaging the attention of his administration. He said it was crucial that the steel plants in the country be provided with the necessary off-shore facilities, a transportation network and the right climate for their success.

He further said the question of adequate power supply to the plants was being tackled adding that some permanent solutions would be found before the plants would be commissioned.

Concluding his address, the President said that he was optimistic that the steel projects in the country would take off on schedule.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

This study has attempted to identify the problems of setting up steel industries in Nigeria with particular reference to the Ajaokuta Steel Project as a case study. Most of the problems identified are not uncommon to most public enterprises in Nigeria in view of their complexity, and the technical know how required for their effective setting up.

RECOMMENDATIONS

(a) Finance: The role of finance in the attainment of organisational goals cannot be over-emphasized, especially in providing physical infrstructural facilities to a new organisation. For the Ajaokuta Steel Complex to take off successfully and make the expected impact on the economic development of Nigeria, the Federal Government of Nigeria needs to provide it with sufficient funds to enable it purchase modern scientific and laboratory facilities.

(b) Salary Review for the Workers: The unified salary structure in the country does not seem to motivate the workers. Salaries paid to the steel workers at Ajaokuta ought to compare relatively with the other steel workers in the world over. As at the time of writing up this project,

the General Manager is on salary Grade Level 17 his Deputies and Secretary to the Company on GL 16 while the Assistant General Mangers are on GL 15. Government should appreciate the complexity, multiplicity, technicality and responsibility of steel workers and thus the remuneration attached to the Company's staff should commensurate with their job specifications.

(c) Civil Works Contract: The major civil works contract was signed between the Federal Government and three main contractors namely, Julius Berger (Nig.) Limited, Dumez (Nig.) Ltd and Fougeroule (Nig.) Ltd in September, 1980 at a cost of over ₦800,000,000. It has become critical that work on the civil works should be hastened otherwise the following set backs will follow:-

(i) the civil works for the permanent motor and railways scheduled to commence soon will be behind schedule.

(ii) the civil works proper will not be ready enough for use by TPE and consequently the entire project will be behind schedule and we shall continue to pay the Russian for nothing.

(iii) civil work for the Temporary networks of water supply is to commence in June, 1981. This assignment is critical and Management is advised to take immediate action.

(iv) the River Port may not be ready early enough for use to bring in equipments and perhaps billets.

(f) Working drawings: The delivery of working drawing for the vertical levelling, upland canal, bank strengthening is scheduled to commence in June, 1981. This is critical because the contractor for the site levelling is already at the site and cannot perform without these drawings. The next working drawings for the Light Section Mill Wire Rod Mill and Repair Facilities are expected in July, 1981. In addition to looking out for them, there is a provision in the Global Contract for them, there is a provision in the Global Contract for Scheduled Meeting in Leningrad before drawings are delivered.

(g) Erection Base: Earth work ought to have started since. It is understood from TPE that the equipments were scheduled to have started arriving since October, 1980. Therefore, the work on the Erection Base is behind schedule. At the same time Construction Division has not been able to prepare the storage area and its access road. The Management is advised to bear pressure on Construction Division. If they cannot do by direct labour, let them hire people. At the same time O & T.S. should be advised to make necessary arrangements for custom clearing formalities for the receipt of the expected shipment.

(h) Accommodation: This issue is critical. Last year

281 two-bed room and 20 three-bedroom houses ought to have been ready. As at the compilation of this report, 50 units of the two-bedroom are yet to be completed. As per the contract agreement, some 15,000 - 20,000 Russians will have to come to Nigeria. It is a participatory venture in which many Nigerians will work side by side with the Russian builders at the highest level of the construction and operatio stages. The Task Force on Accommodation has not completed its assignment, but it plans to decongest and compress the camp accommodation. The only short term solution is for people to live in surrounding villages and the management to provide free transport. O & T.S. should commence to look for rugged buses for use and also some Land Cruisers for senior staff who may live outside the camp. Before this camp was ready NSDA staff were coming daily to Geregu to work.

(i) Detailed Project Report: The critical area here includes further calcination research into Jakura and Mfamosing limestones to be completed before August this year; further research and geological investigation are required in respect of Osara Dolomite and Refractory Clays. The Management should bear pressure on Head of Exploration [HE] to carry out the necessary works in respect of the materials mentioned above.

(j) Inspection: Arrangements for pre-shipment inspection and factory inspection have not been made and yet equipment will start arriving soon. This issue demands urgent action.

(k) Raw Materials: Some of the inputs into the Steel Plant such as coal and billet demand long term arrangements for the procurement of the above materials should commence now. It will be necessary that two committees for coal and billets should be set up immediately to look for the sources of these materials and make adequate contact for initial offers. The committees should be empowered to call for quotations and other terms of purchase of these materials as at present and also the projected prices. Management should at least identify these sources and the cost in foreign exchange to this project. Up to date, these costs have not been seriously considered.

The proposed committee may be constituted as follows:

Coal

1.	Planning Division	2	(1 economist, 1 technician)
2.	Materials	"	2
3.	Mining	"	1
4.	Exploration	"	1

Billets

1. Planning Division 2
2. Materials " 1
3. O & T.S. " 1

(l) External Infrastructures: The Management should bear pressure on I & T to update their information on the provision of external infrastructures because much could not be obtained from them. It is important that the railway connections from Port Harcourt and Itakpe Mines to Ajaokuta should be constructed on schedule; As the Priority Rolling Mills will be commissioned in the last quarter of 1983, it is pertinent that pipeline to Ajaokuta should be functioning by then. The Management is advised to ask I & T to give status report on all external infrastuctures (P.H. Ajaokuta rail line rail bridge on the Niger; Itakpe - Ajaokuta rail line; road bridge across the Niger; construction of Onne and Ogunnu ports; dredging of the Niger; link road/extensions; phase Two of the Airstrip, etc).

(m) Recruitment of Personnel for Contract: It is understood that O & T.S., construction and Training Divisions were excluded from the process of short-listing the applications of skilled and semi-skilled candidates the company wishes to employe for TPE.

Personnel officers claimed that it was their responsibility to shortlist. This approach is wrong. I am of the opinion that engineers are best to determine which technicians are suitable for employment. It may be necessary for the General Manager to direct that the exercise should be repeated as the Company will be liable for quality of staff it engages for the contract.

(n) Technical Archives: This issue is pretty serious since the company is expecting about 100,000 drawings within the next six months. Construction and Planning Divisions have agreed to operate a joint archive but the Construction Division has not provided the building designed by Sofresid for that purpose. Equipments ordered for the archives are not forthcoming because of import regulations. There are no staff to man the archives when ready. It is suggested that two engineers or technicians should be trained for that purpose. Management's approval is also necessary to ask Sofresid for itemised quotation for the various facilities required for the archives.

Having enumerated the problems that bedevilled the Ajaokuta Steel Project, the Federal Government and all agencies or organisations concerned for the successful implementation of the project should, as a matter of urgency make readily available all the necessary facilities to ensure that the first phase of the project is commissioned in 1983 all things being equal.

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