

CONTEXT

Nigeria has the potential to become the largest automotive industry hub in Africa. With a population of over 170 million people and a fast-growing middle class, the country is regarded as a major investment hub. However, Nigeria's automotive industry is currently import-dependent. In 2013, the Federal Government announced a new national automotive policy, the National Automotive Industry Development Plan (NAIDP), which sought to discourage vehicle importation and encourage local production. In addition, the National Automotive Design and Development Council (NADDC) seek to ensure timely execution of the provisions of the policy as part of its mandate to revitalize the industry. In 2016, the Muhammadu Buhari led administration announced that the National Automotive Policy would be reviewed and published in early 2017. On December 5th 2016, the importation of vehicles through land borders was prohibited in a bid to implement part of Nigeria's automotive policy. The President stated that the ban on importation of vehicles through land borders was to encourage Nigerians to patronize locally assembled vehicles. The policy has already attracted a number of top brands including Nissan, Peugeot and Kia motors.

Some of the challenges the sector is currently facing includes:

- Low patronage of locally assembled vehicles
- High cost of spare parts
- High land border smuggling
- High tariffs
- Inconsistent policy implementation
- Lack of funds
- Lack of micro-finance schemes to encourage chattel mortgage

MAIN APPROACH

The UNIDO-Nigeria Industrial Revolution Project Office focuses on capacity strengthening for sustainable industrial development in Nigeria. The aim of the overall project is to contribute to the main goals of the Nigerian government's Industrial Revolution Plan (NIRP), which seeks to spur economic diversification, industrial growth, job creation, and sustainable livelihoods.

The automotive sector has been identified as one with enough potential to effectively revive and diversify Nigeria's economy. The NIRP Project Office is will work in the area of local component manufacturing within the automotive sector.

AT A GLANCE

Project title: Yet to be disclosed

Country coverage: Nigeria

Thematic areas: Creating an enabling environment for manufacturing local spare parts, and local vehicle assembling

Main country counterparts: Federal government of Nigeria (the Federal Ministry of Industry Trade and Investment and the National Automotive Design and Development Council)