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recorded figure was 53,125. Even though these figures may not be accurate as the unofficial figures from Industrial Directory indicate, yet it is clear that the number in manufacturing has increased considerably.

B. Present Structure of Manufacturing Industry

13. In general, manufacturing in Nigeria is directed towards import substitution. The location of plants is guided by two principal factors - nearness to raw-materials and nearness to the market. Manufacturing activities range from the processing of agricultural products to electronic assembly, but there is not as yet, strictly speaking, any large-scale manufacture in the country.

14. Major branches of manufacture include Food products, beer and soft drinks, textiles, footwear, sawmilling, furniture, printing and publishing, rubber products, oil milling, metal products, and motor vehicle repairs. An oil refinery in Port Harcourt, Eastern Nigeria, and a Sugar mill in Ilorin, Northern Nigeria will start production soon. Both are big national projects, the products of which will serve the whole country and, it is hoped, will be exported. Work has started on the proposed Paper mill at Jebba, Northern Nigeria and the proposal to establish iron and steel mills has reached an advanced stage. These, too, are major projects initiated by the Federal Government.

15. Tables 4, 5, 6 and 7 (pp. 61-64) show the total number of employees, wages and salaries, value of production, and capital expenditure in respect of each major branch of manufacture.

16. A majority of the plants engaged in these manufactures are small-scale. In terms of employment, very few plants employ 2,000 employees or a little over that figure. These include one tobacco plant in Ibadan, Western Nigeria, two textile mills in Zaria and Kaduna, Northern Nigeria, one furniture factory in Kaduna, Northern Nigeria, one timber and plywood factory and one rubber plant in Sapele, Mid-Western Nigeria, one rubber enterprise in Calabar, Eastern Nigeria, two palm oil and kernel processing plants in Eastern Nigeria. The biggest single manufacture in the country at the present time is textiles.

17. In Nigeria, private enterprises, indigenous and foreign-owned predominate at the small-scale level. There are, however, some big and extremely important projects sponsored and owned by the Governments of the Federation or their agencies, and there are others which these governments own in partnership with foreign entrepreneurs. Such public enterprises include three cement mills, textile mills, one distillery, a glass factory, one oil refinery, and a sugar factory. Lack of entrepreneurship and scarcity of private capital constitute the main reason for the existence of public enterprises at this stage of Nigeria's economic progress. However, public ownership in the area of manufacture is not intended to be a permanent feature of Nigeria's economy. Such companies as are now in public hands will be turned over to private hands when they are firmly established and money becomes available in private hands to purchase the shares in the companies concerned.

18. On the whole, however, the private sector is the leading sector in the economy in terms of aggregate investment. This fact is substantiated by a comparison of public and private investment as shown in Table 8.

TABLE 8
Comparison of Public and Private Investment at
Constant (1957) Prices

	1958-59 £ million	1959-60 £ million	1960-61 £ million	1961-62 £ million	1962-63 £ million
Public Sector	50	64	61	56	55
Private Sector	59	63	66	84	82
	109	127	127	140	137

This table indicates that private investment exceeded public investment, during most of the period covered. In addition, the rate of growth of private investment is much greater than that of public investment.

19. Most of the major private enterprises in Nigeria at the present time are owned by foreigners. These include food processing, metals, pharmaceuticals, wood products, tyre manufacture, and even textiles. Foreign private capital inflow was of the order of £24 million in 1959, £19 million in 1960, £30 million in 1961 and in 1962 and 1963 it was estimated at £10.4 million and £15 million respectively. While it is also true to say that a greater percentage of the funds have gone into manufacturing particularly since foreign entrepreneurs have switched their interests from pure merchandising to manufacturing following government's industrial development policy.

20. The foreign-owned enterprises appear to be doing better than the indigenous enterprises. This is not surprising when it is remembered that the former have advantage over the latter in terms of technical know-how, better management, and availability of funds. Whereas a foreign entrepreneur can bring in trained managerial staff and skilled technicians, most indigenous entrepreneurs cannot afford to do the same. By the same token, whilst a foreign entrepreneur can finance costly but highly profitable projects, the indigenous entrepreneur, because of scarcity of funds and, in some cases, unwillingness to combine with others in a venture, has to contend himself with low-cost, small-scale projects of less profitability.

Methods of Industrial Finance: Let us now turn to the various methods of financing industrial ventures in Nigeria.

Sources of Funds:

- (a) The Nigerian Industrial Development Bank.
 - (b) The Federal Loans Board.
 - (c) The Revolving Loans Fund for Industry.
 - (d) The Commercial Banks.
 - (e) Government participation.
 - (f) Individual businessman's personal savings.
- (a) The Nigerian Industrial Development Bank: This institution commenced operations as a public company. The Bank has power to raise loans. At present the Central Bank of Nigeria and the International

Finance Corporation hold shares of the Bank which they would release to be sold out to the Nigerian public in due course; by this arrangement, the essentially non-governmental nature of the Bank would be preserved. The Bank has its Board of Directors in addition to an operational staff. Some of the objects for which the Bank is established are:-

- (i) to carry on the business of assisting producing enterprises within the private sector in Nigeria;
- (ii) to buy, underwrite, invest in and acquire and hold shares, stocks, debentures, debenture-stock, bonds, obligations and securities issued or guaranteed by any company or body corporate or unincorporated or by a person of association.

(b) The Federal Loans Board: The Federal Loans Board was set up in 1956 under the Industrial Loans (Lagos and Federation) Ordinance 1956. The Board was designed to make loans, with the approval of the Council of Ministers, of up to £50,000 for industrial projects in any part of the Federation of Nigeria. The Board constitutes the machinery for administering the sum of £300,000 (supplemented from time to time) which was set aside for financial assistance to industry in the economic programme. The Ordinance permits loans for projects designed to further the industrial development of the Federation, and it is open to the Board to interpret the term "industry" in a wide sense.

21. The Federal Loans Board recommends applications to the Minister of Industries who, in turn, seeks the approval of the Council of Ministers for successful applications.

(c) The Revolving Loans Fund for Industry:

- (i) The Revolving Loans Fund for Industry was established in 1959. Rules for the disbursement of the fund were drawn up as the Public Funds of the Federation (Disbursement Amendment) Rules 1959, in Legal Notice No. 211 of 1959. The capital of the fund of £200,000 was made available to Nigeria from money originally provided to the Government of the United Kingdom by the Government of the

United States of America under the Economic Co-operation Act of 1958.

(ii) The Fund's Ordinance states that the "funds shall be used to provide loans to assist in the establishment, expansion or modernisation of industrial enterprises of a productive character, including the provision of services to industries, within the Federation of Nigeria. Loans can be made to private or public limited liability companies incorporated in Nigeria or registered partnerships which have Nigerian participation and provide reasonable training facilities for Nigerians in management and technical skills; it is not intended that loans should be such as to provide the sole capital but should be in the form of supplementary assistance towards financing of the enterprise, the object being to provide only so much capital from the fund as shall be necessary to enable an enterprise to go forward".

(iii) The Revolving Loans Fund is administered by the Federal Minister of Industries who, in turn, appoints an Advisory Committee to consider applications for loan assistance and to recommend such application as they consider suitable. Each loan is finally approved by the Council of Ministers.

(d) The Commercial Banks: The Commercial Banks are licensed to carry on ordinary banking business. These banks have provided both short and long-term finance to Nigerian industrialists. The second Schedule to the Nigerian Banking Act required commercial banks to provide an analysis of loans and advances. It indicates the proximate levels of credit to the various sectors. The commercial banks have contributed, in their own way, to the economic development of the country.

(e) Government Participation: Nigeria, as a developing country with a low per capita income, is short of capital needed for development. The scarce capital available is in the hands of Nigerian entrepreneurs

who are only just becoming investment conscious. Therefore, the Governments of the Federation encourage investments in important industries by direct participation, on the understanding that they would sell their interests to indigeneous citizens when they are able to buy them. Many industries have been so established, and usually, such participation stems from government initiative. This direct Government participation will definitely continue until the generality of the people are investment conscious, and the business men, better able to take more risks without being too cautious and afraid to face business uncertainties.

(f) Individual Businessmen's Personal Savings: Government direct participation in industry stems partly from non-availability of adequate investment funds in the private sector, but largely from lack of initiative and developed business sense on the part of the majority of potential industrialists and entrepreneurs. But inspite of this criticism private savings are now being mobilized in the financing of industrial development in this country. From their savings, individual business-men have set up one-man industrial ventures; and in some cases, there have been a pooling of several individual savings to set up partnerships, private companies and co-operative societies, all engaged in setting up and financing one type of industrial projects or the other. Government encouragement of such private industrial ventures by grant of tax holidays and loans is now giving greater impetus than ever before to a very rapid growth in this direction.

Industrial Machinery: An analysis of the trend in the supply of industrial machinery and equipment reveals an interesting phenomenon. From 1960 to 1963, United Kingdom had been leading with over 50 per cent of the total supply of machinery and equipment. Western Germany had been taking the second place with an average of 20 per cent within this period. Netherlands took the last place with an average of 2 per cent within these three years. The United States, France, Italy, Belgium and Luxemburg have an average of 4 per cent each. In 1964, the picture changed. Western Germany came first, with 34 per cent, and the United Kingdom, second, with 28 per cent. Japan displacing

Netherlands came last with 2 per cent. In 1964 the average import figures of the remaining countries Italy, Sweden, United States, France, went up to about 8 per cent.

Transportation: Economic progress results from an association of a number of differing events. It may be a legislative measure, an improvement in commercial organization, a transport improvement or a technological development, but none of these factors can be separated from one another since all of them in combination tend to promote economic growth. Developments in industry and trade and developments in the field of transport therefore interact on one another to the benefit of both. The modern economic history of Nigeria is tied up largely to the opening up of a vast hinterland by various forms of transport. In the later part of the 19th century, European traders who were not content to operate solely along the coast pushed their trading operations to the hinterland up the River Niger and the vast delta region with its network of creeks and rivers. Early in this century, reliance on rivers and creeks as the chief means of transport shifted to the Railway when the Lagos - Kano Railway was completed in 1912. The growth of roads was a late development and did not become important until the advent of motor vehicles in the 1920's and 1930's.

22. Since the World War II and the consequent political developments towards self-government, Nigeria has embarked on a programme of industrialization as a means of economic development. Industrialisation needs cheap and adequate supply of power, adequate telephone and transport facilities. None of these facilities which constitute the infrastructure was at the beginning either cheap or adequate. Urgent overhauling and expansion of the infrastructure of the country's economy became therefore an essential priority and the place of transport facilities needed no emphasis. The major objective of Federal Government's transport policy has been to meet all demands of the economy with the lowest possible expenditure of resources.

23. To this end, the Government has accepted the principle of maintaining a fair balance between the economic and social demands on the available transport facilities of the Federation. Since the economic significance of transport lies not only in bridging the physical distance

separating producers and consumers as measured in miles or minutes but also in the "economic" distance measured in terms of "costs of transport", the Government as the co-ordinating agency of the country's transport system, acts on the principle that each form of transport will concentrate on the type of service for which it is best suited in terms of real cost and service considerations. Manufacturing industries in Nigeria at present cater for the home market. The extent of the market for the manufactured goods or the volume of demand for them depends on the size of the gap between producers and consumers and the means of transport available to bridge this gap. The more efficient the means of bridging this gap, the greater the extent of the market and the greater will be the degree of specialisation among producers. This will lead in the end to higher productivity and a higher standard of living. "Transport cost" affects markedly the production cost of a manufacturer therefore the quantity and the quality of the transport system are of the greatest importance not only to the Government but also to every section and class of the economy.

24. As indicated in the above paragraph, transport is basic to specialisation, the accumulation of surpluses and their exchange. Expansion in industry therefore necessitates a corresponding expansion of the infrastructure of the economy of which transport is by no means a minor part. Most of the manufacturing industries in Nigeria have been located in parts of the country after due care and consideration have been paid to the problems of manufacturing of which transportation figured prominently. At present, the transport facilities available in the country could adequately and comfortably meet the demands of manufacturers. The existing industries have been sited in or near the large urban centres which are well served with transport facilities. By the same token, both the Federal and Regional Governments have set up industrial estates, though transportation problems were not the major cause of such locations. Such industrial estates are located, to name a few, in and around Lagos, Ikeja, Trans-Amadi - Port Harcourt, Aba, Kaduna, Kano, Zaria, Ibadan, etc. Industries such as Cement factories at Nkalagu, Ewekoro, Plywood in Sapele, Rubber in Benin and a host of others in

Enugu, Abeokuta, etc., are adequately served by either rail, river and road, or combination of all or two of them.

25. Briefly the present state of transport facilities in Nigeria is as follows:-

(a) Roads

26. Since the war there has been considerable expansion both in road mileage and in the traffic using the roads. There are 4,515 miles bitumen surfaced roads in Nigeria. The estimated total mileage of roads in 1960 was 45,000 of which about 12,000 were "A" and "B" trunk roads. "A" trunk roads link the Federal and Regional Capitals; connect these with other large towns and the ports and afford communication between Nigeria and the neighbouring territories. There are (i) two "A" trunk roads running from Lagos and Port Harcourt in the South to the Northern Boundary of Nigeria; and (ii) four, from East to West roads, two South of the Niger - Benue system and two North of it. There are also "B" trunk roads which connect provincial or divisional headquarters and other large towns with the "A" trunk system. They also connect with one another and with the ports and points on the railway. Manufacturing industries are well served with adequate road transport. As soon as they start operation, new roads are built to connect new industries such as the Bacita Sugar, the Ilorin Match factories - to their markets in the more densely populated centres of Nigeria.

(b) Railways

27. Railways, which opened up the country long before roads were built and still play a vital part in the development of Nigeria are a Federal responsibility. They are operated by the Nigerian Railway Corporation, a Statutory Body with headquarters in Lagos. The Railway system comprises 2,587 route miles of 3 feet 6 inches gauge connecting Kano, Kaura Namoda, Nguru, and Maiduguri in the North with Lagos and Port Harcourt in the South. There are branch lines from Minna to Baro in the Niger now used for good traffic only and from Ifaw to Idogo. A new 400 mile extension from Jos to Maiduguri was opened in November 1964.

28. To a manufacturer the speed and delay with which he collects his raw materials to his factory and the despatch of his finished goods to their market is of paramount importance. The Nigerian Railway fulfilled this need before but lately it has to compete with the other transporters of this country. At the moment, there are still some areas where the railways enjoy some measure of near monopoly. Such monopolies are the construction of branch track lines to the cement factories of Ewekoro and Nkalagu and the Big Oil Refinery at Elelenwa in Eastern Nigeria now under construction.

(c) Rivers

29. The Niger - Benue river system is of considerable importance as it offers a practical alternative to transportation by rail. The Niger is now navigable throughout the year to Onitsha (150 miles from the open sea). Above Onitsha, as far as Baro, the river is navigable for small crafts between April and June. The Benue is fully navigable for light draught vessels only in August and September, but it is then navigable to Yola, Lau and beyond the frontiers. The Cross River is navigable for most of the year for small crafts. With completion of Kainji Dam, the benefit to river traffic is likely to be considerable. The improved navigability of the river resulting from the construction of the Dam will, by lowering the river transport cost, further add to the use of river transport services for the movement of the raw materials such as cotton and groundnuts from the North to the factories in the South. The proposed integrated Iron and Steel Industry based on the domestic coal and iron ore at Idah and Onitsha, will no doubt benefit from the usefulness of the Niger - Benue river system.

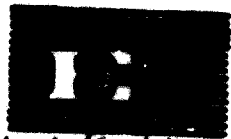
(d) Air

30. Nigerian Airways (W.A.A.C. (Nigeria) Ltd.,) operates some domestic services connecting the Regional Capitals and all the principal commercial towns with Lagos. The Company's programme is designed to cope with an expected increase in domestic traffic of between 5 per cent and 15 per cent per year during the period of 1962-1968. At present, the Air services are of little value for industrial purposes, but in a large

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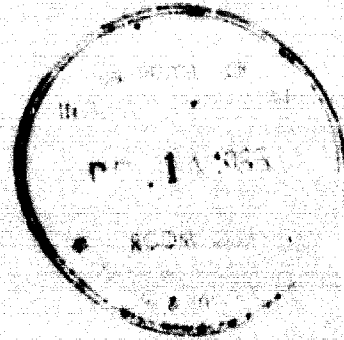


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IN AFRICA

(Presented by the Federal Republic of Nigeria)

country such as Nigeria where urban centres are separated by long distances the impact of air services could not be gainsaid.

(e) Ports

31. The Nigerian Ports Authority (N.P.A.), on which the Regional Governments are represented was established in 1954 and is the statutory body responsible for control, the administration and maintenance of Nigerian Main Ports. Tremendous expansion has taken place in Apapa, Port Harcourt and development is going on in Koko, Warri and Escravos Bar. All these expansions and developments are designed to speed up the delivery of both the raw materials and manufactured goods.

Plan for the Needs of the Years ahead

32. The Government is committed to completing the Kainji Dam, the Escravos Bar scheme, improvements at several ports and the extension of aids to navigation, including buoys to mark channels, night navigation, and the forecasting of river levels. The Government is improving the access to Port Harcourt up to Bonny River and is developing the Port of Koko. The Government is already committed to extending the wharves at Apapa and Port Harcourt to provide more accommodation and faster turn-round time for ocean-going vessels which bring raw materials and capital equipment from overseas.

33. The Nigerian Railway Corporation continues to carry out traffic surveys at various parts of Nigeria. There are proposals to connect East to the West and to connect Nigeria with the various neighbouring territories. Under the Development Plan 1962-1968, more roads will be built as capital and foreign exchange become available. The domestic traffic of the air service will be expanded and improved. Many of the existing and proposed industrial projects will generate transport demands which will be substantial in relation to existing movements. In-transport development, account is therefore being taken of construction requirements, future supplies of raw materials, capital equipment, plant output as well as the demands generated by the rising incomes.

34. The most efficient operation of each of the agencies of transport, whether by river, road, rail or air is a fundamental requirement in development of a sound transportation system for Nigeria. The Government wants to maintain efficiency which is also essential in order that Nigeria may get the highest possible return from investments already made and likely to be made in the future. With the tremendous demands upon our relatively limited resources of capital and foreign exchange, the Government is endeavouring while meeting the needs of the economy to avoid excessive investment in transport, whether in duplicating facilities or in excess capacity.

Power Production in Nigeria

Electricity

35. The main organization responsible for electric power production in the country is the Electricity Corporation of Nigeria (E.C.N.). This Corporation is a Statutory Corporation set up by the Federal Government under the E.C.N. Act 1950. It generates, distributes and sells electricity direct to consumers. The Corporation owns and operates electricity undertakings throughout the country. Apart from the E.C.N., a private company, the Nigerian Electricity Supply Corporation (NESCO) produces electricity in the Jos Plateau for the tin mining industries. NESCO sells electricity to the E.C.N. for use in the townships around the Jos Plateau in Northern Nigeria.

36. Since the attainment of independence in October, 1960, there has been a spectacular growth in the electricity industry. The demand for electricity has been growing at the rate of over 20 per cent per annum. The following statistics are relevant:-

(a) E.C.N. Statistics on Power Production and Sales

<u>Year</u>	<u>KWH Generated</u>	<u>KWH Sold</u>	<u>Distribution Efficiency %</u>	<u>No. of Consumers</u>
1959/60	360,707,822	286,999,743	84.6	93,653
1960/61	448,298,448	360,301,423	84.9	110,615
1961/62	548,981,078	438,214,736	84.1	127,440
1962/63	659,410,025	523,716,526	83.5	154,556
1963/64	795,657,371	641,213,996	84.67	171,286

(b) Installed Generating Capacity as at 31st March of the years shown below was as follows:

1960	135MW
1961	187MW
1962	216MW
1964	229MW

Programme to meet future needs

37. To meet the general increase in demand for electricity in the country, the E.C.N. is making every effort to expand their facilities. The following projects are scheduled for commissioning during 1965 and 1966.

- (a) Ijora 'C' Power Station, comprising 2 x 15 MW GAS Turbine sets - for Lagos area;
- (b) 2 x 17.5 MW Gas Turbine sets at Afam (Eastern Nigeria);
- (c) 4 x 1.5 MW Diesel Alternators at Sokoto, to supply the Cement Factory now under construction;
- (d) 2 x 1.5 MW Diesel Alternators at Kano;
- (e) 11.4 MW of generating capacity for Kaduna;
- (f) 2 x 10 MW sets for Kaduna C.

The Niger Dam

38. The Federal Government's 1962/68 Development Programme includes a plan for the Niger Dam Hydro-electric Project at Kainji with its associated electricity Transmission Lines. This was estimated to cost £68 million. The Dam when completed will provide, among other things, electricity at cheaper rates to meet the ever-growing demand. A contract for the supply of 4 x 80 MW sets with an option of two further sets has been let. The station is designed to take a further six similar sets. Associated 330 and 132 KV transmission lines are already under construction. This is being carried out with the help of a loan of £10.714 million from the International Bank for Reconstruction and Development.

B. Sources of Energy for Power Production

39. These comprise coal, natural gas, oil hydro-electricity.

(a) Coal

Coal is mined by the Nigerian Coal Corporation. Production figures for the past 5 years were as follows:

1959/60	584,800 tons
1960/61	565,681 tons
1962/63	615,000 tons
1963/64	600,000 tons

Forecast for 1964/65 - 708,000 tons.

Coal Consumers - These include the Nigerian Railway Corporation, E.C.N., domestic consumers, the Nigerian Cement Co. Ltd., and Ghana Railways. The Nigerian Railway Corporation is, to a large extent, responsible for supply of coal to consumers. The coal industry has in recent years faced serious competition from other sources of energy particularly oil and gas. With effect from 1st December, 1963, the pit-head price of coal was increased from 50/- to 60/- per ton.

(b) Oil Production

Crude Oil Production Figures:

1961	-	2,240,000 long tons
1962	-	2,283,000 long tons
1963	-	3,722,000 long tons
1964	-	5,866,000 long tons

The daily production rate at the end of 1963 had reached 82,000 barrels which had risen to 200,000 barrels per day by the end of 1964.

40. The average daily production during 1965 is estimated at 225,000 barrels. It is anticipated that production for the year 1965 will exceed 10 million tons. Hitherto, oil production has been confined to Eastern Nigeria. Production from fields off-shore commenced on 21 March 1965, at an initial rate of 25,000 barrels a day. Production from oil fields in Mid-western Nigeria will commence on 1 June 1965 when the trans-Niger pipe-lines, now under construction is completed.

Oil Refinery

41. An oil refinery now under construction at Eleme near Port Harcourt will be commissioned by about September, 1965 with an annual throughput of 1.9 million tons of crude oil and will supply most of Nigeria's needs for Petroleum products.

(c) Natural Gas

Production of Gas:

<u>Year</u>	<u>Gas Produced (MCF)</u>
1960	5,095,278
1961	10,843,331
1962	17,179,458
1963	22,104,792
1964	36,332,862

42. The extensive reserves of unassociated gas remain as yet unutilised. A large proportion of the associated gas is flared but some of this is now utilized for the production of electricity at Afam Power Station at the Trans-Amadi Industrial Estate near Port Harcourt and at Aba. Natural Gas will also be used for the production of electricity at the Delta Power Station, Ughelli, when commissioned in 1966.

43. A survey has recently been carried out by the Canadian Industrial Gas Limited on the utilization of natural gas on the Nigerian economy and its recommendations are being studied.

Tin Smelting

44. With the establishment of a smelter at Jos, the export of tin ore or cassiterite has now ceased and only tin metal is exported.

Production figures:

1963	-	8,988 tons tin metal
1964	-	8,712 tons tin metal

The estimated production of tin metal during 1965 is 9,000 tons.

Structure of Nigeria's Foreign Trade

45. In Nigeria, the total value of industrial production in 1962 was of the order of £52m. The value added by manufacture was £47m. This figure is obtained by excluding costs of raw materials, electricity and fuel from the total value of production. It must be pointed out that these figures do not include small establishments employing less than 10 persons. One salient point from the above figures is that some of the industries being considered cannot be said to be producing at their maximum capacity. Of course, establishments operating at an earlier date might have been operating at maximum capacity now. Nevertheless, further expansionary trends are quite likely. A major development in this area is the impact of these industries on the volume of imports. Most of these industries have been established to provide import substitutes and currently, they have substantially reduced the volume of imports of some of these products as is indicated in Table 9.

TABLE 9
Imports of Selected Items 1952 - 1964 £000

Items	1952	1957	1960	1961	1962	1963	1964 (first half)
Flour	1,062	2,334	3,154	3,232	2,965	133	106
Beer	1,747	3,158	3,898	3,921	2,826	897	447
Cotton Piece Goods	24,765	14,469	22,354	26,435	18,655	21,441	9,480

46. But the current trends do not indicate any immediate exploitation of foreign markets by the manufacturing sector. Two main reasons account for the lag in this area. Firstly, the internal demand for most manufactured consumer goods exceeds what is being supplied by the manufacturers, and since the primary objective is to satiate the needs of the domestic consumers the question of exporting these products to foreign markets is completely ruled out. This view is reinforced by the fact that in spite of the obvious restriction on most imported consumer goods the

demand for these products is so intense as to sustain their continued importation. Secondly, most of the consumer goods manufactured in Nigeria have a significant competitive price disadvantage. For example, in the case of beer brewing, most of the major raw materials are still being imported. Thus, even though labour may be cheap the high cost of raw materials is capable of offsetting any gains from that source, thereby weakening the competitive position of beer brewed in Nigeria in the foreign market. Similar features are noticeable in the case of the number of administrative and executive personnel employed. The conventional practice has been to allow a substantial in-take of expatriate personnel to provide the necessary "know-how" for the organisation. But the cost to the firm once again tends to eliminate the competitive ability of its products in the foreign market.

47. However, inspite of these handicaps, the value of manufactured goods exported from Nigeria increased from 0.9 per cent during the first six months of 1963 to 1.1 per cent during the same period in 1964. It is hoped that measures to improve intra-African trade would help to increase the export of manufactured products from Nigeria.

48. From the foregoing observation it can be readily deduced that the structure of Nigeria's external trade has not shown any significant change as a result of the level of industrial development so far achieved. It is true that imported manufactured goods are being gradually substituted by domestic products, and that a trickle of the latter now flow to foreign markets, nevertheless, Nigeria is still engaged in the export of her traditional primary products for the importation of consumer and capital goods. The latter category which consists of plant, machinery and transport equipments has shown significant increase between 1963 and 1964 - £32.7m. in the first six months of 1964 as compared to £23.2m. during the same period in 1963.

49. Another aspect of the structure of Nigeria's external trade is that it has consistently maintained the traditional course of the trade winds. Thus, the UK's share of Nigeria's external transactions was 35.7 per cent in 1962 in respect of total imports and 42.9 per cent in respect

of total exports; in 1963 it was 34.1 per cent and 39.1 per cent respectively. In the case of the EEC countries the figures were 21.2 per cent and 37.0 per cent respectively. If past experiences are regarded as reliable indicators, then it would be a short jump to the conclusion that Nigeria's external trade like that of most developing countries, has been fickle and unremunerative. This provides sufficient inducements for changes in the pattern, composition and direction of Nigeria's foreign trade. Here, apart from the new emphasis on import substitution and processing of raw materials, there is an urgent need for promoting trade with other developing countries particularly in Africa. It is certain that this venture will provide another springboard for taking further jumps in industrial development.

C. The National Development Plan, 1962 - 1968

50. Nigeria is currently implementing a six-year development plan costing £676.8 million. The programme, launched in 1962, is the second but major development plan, and is the first since independence in October, 1960.

Main Features of the Plan and its Major Projects

51. The National Plan consists of capital expenditure plans of the Governments of the Republic; of day to day expenditure for development particularly in the important fields of education, agriculture and industry; of attempts by the Government and private institutions to eliminate, as quickly as possible, gaps in information about the economy. It consists of policies designed to stimulate and mobilise private domestic savings, to increase the flow of capital in those directions which conform with the over-all priorities of the plan and in general, to accelerate the growth of the private sector. Finally, it consists of over-all monetary fiscal and related policies which provide the framework as well as the discipline and the stimulus for the other and more specific measures.

52. The general priorities and targets underlying the preparation of the Plan are briefly as follows:

- (a) To surpass the past growth rate of the economy of 3.9 per cent per year compound and to achieve a rate of 4 per cent per annum and if possible to exceed this rate.
- (b) To achieve this aim by investing 15 per cent of the GDP and at the same time endeavouring to raise the per capita consumption by about 10 per cent per year.
- (c) To achieve self-sustaining growth not later than by the end of the third or fourth plan.
- (d) To achieve a modernized economy consistent with the aspirations of the people. Specifically this includes among others:-
 - (i) the creation of more jobs and opportunities in non-agricultural occupations;
 - (ii) the provision of advisory and training services to Nigeria businessmen to enable them compete more effectively at home and abroad;
 - (iii) the expansion of the installed capacity of electricity generation to 643 MW by 1968;
 - (iv) the expansion of railway mileage and addition of 14 diesel engines and 1,485 wagons;
 - (v) the provision of 7 new docks in Lagos and Port Harcourt capable of handling an additional 3.6 million tons;
 - (vi) the expansion of the system of tarred roads by about 2,000 miles and
 - (vii) the expansion of cement capacity to not less than 980,000 tons per year.

The major Projects envisaged in the Federal Plan includes:

(a) Iron and Steel Complex

It is expected that the mill will cost about £30 million. It will concentrate on the manufacture of black and corrugated sheets, rods and bars, angles and channels and other

structural steel. The complex will use Nigerian ores, limestones, electric power and coal.

(b) Petroleum Refinery

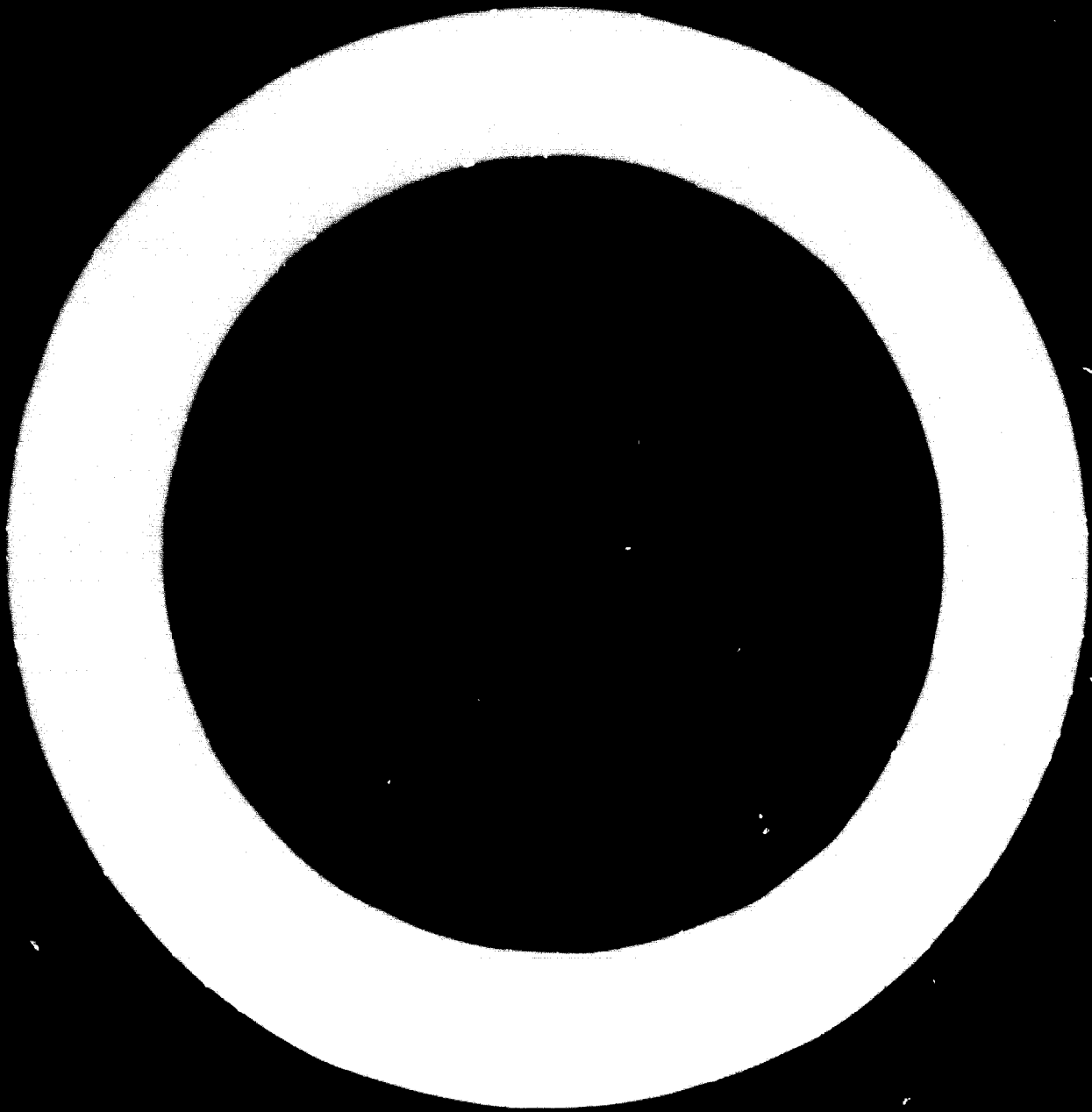
The domestic market in Nigeria for Petroleum products has grown sufficiently to justify the efficient operation of a refinery based on Nigerian petroleum. In 1960, Nigeria imported £9.5m. worth of various mineral fuels for domestic use only. The refinery is expected to come into operation in late 1965 with a capacity of between 1½ million tons. Its cost is set at over £2 million.

(c) National Development Bank

The Federal Government in co-operation with Nigerian private investors and foreign private capital has set up the Industrial Development Bank which it is hoped will enjoy the active support of the IBRD, the International Finance Corporation and other international development institutions. The bank seeks to join foreign skills and experience and foreign private capital with Nigerian skills and capital in the development of new industries and the expansion of existing ones. It will create attractive conditions for investment in industry and provide an outlet for Nigerian savings which at present largely tend to flow into activities which do not contribute directly to economic growth.

(d) The Niger Dam

This project has been described as the **corner-stone** of the Development Plan. Although the provision of electricity will by itself justify the construction of this great scheme, it is being viewed as part of a major river development project which will unfold over several decades. The Dam will create a major reservoir which will be suitable for fishing and will provide water for irrigation. The Dam is expected to cost over £68m. and will result in the supply of electricity at lower cost to the industrial consumer and thus will stimulate industrial development.



(e) Direct Government Investment Fund

Government has set aside a sum of £5m. for direct investment where industrial projects of national importance emerge, or where adequate Nigerian private capital is not readily forthcoming. This amount will be used primarily to establish new plants in viable projects of strategic importance and in industries which make a major contribution to the targets of the Plan.

Plans and Policies for Regional Co-operation

53. At the launching of the National Development Plan in 1962 Economic integration among African States was still in the talking stage, hence no conscious efforts to harmonize the Plan with those of other African States were made. However, through the efforts of the ECA and with the political impetus given by the OAU a series of 'Harmonisation' conferences have been held in West Africa and exhaustive studies made on integration of industries such as Iron and Steel, Textiles, Petro-Chemicals, Cement and Food Industries. As a result concrete steps fully backed by Nigeria have already been taken in the direction of integration thus:

- (a) At a conference in Bamako it was agreed, subject to further studies, and taking the proposed Nigerian project into consideration, to site a coastal iron and steel complex as well a relay plant in the interior, to serve the combined needs of the sub-region of West Africa.
- (b) The African Development Bank with an authorized capital of about £71m. has been set up with headquarters in Abidjan. Nigeria is one of the largest subscribers to the capital of the Bank.

Conscious of the fact that any more forward economic and, for that matter, political unity cannot succeed unless there was ample transportation and communication links, Nigeria has extended her telecommunication links to over twenty-one African countries. Nigeria's road, rail and air

links are being extended to serve her neighbours. The Lagos-Jos railway has already been extended to Maiduguri in the hope that the line will connect Fort Lamy in the Chad in the near future. Work is already in progress on the road links with the Niger Republic and the Republic of Dahomey.

54. Nigeria has established, in a bid to increase inter-African trade, bilateral trade agreements with Togo, Dahomey, Cameroon, Senegal and similar agreements with Chad, Niger and Mali are nearing conclusions. Dahomey and Nigeria already have a joint customs administration while attempts are being made to establish same with Cameroon, Chad and Niger.

55. As further proof of Nigeria's firm belief in African economic co-operation she with her neighbours have formed the Chad Basin Commission and the Niger Basin Commission. The UNSF has already been invited to help investigate the resources of the Chad Basin with a view to joint exploitation.

56. On the broad question of economic integration in West Africa Nigeria has shown her enthusiasm and on her insistence the West African countries have come to recognize the need for an institutional framework to cater for the marketing of the products of the basic industries. Economic integration in West Africa is thus reaching the stage of implementing concrete proposals.

Major Projects being implemented and Progress Achieved

57. Most of the major projects in the Plan have already got off the ground and a few are nearing completion. These include the Niger Dam, the Oil Refinery, the Nigerian Industrial Development Bank, the Niger Bridge etc. In addition, preliminary work has already been completed for many other projects like the Iron & Steel Complex and a Fishing Terminal.

Iron & Steel: This project is already in an advanced stage and heads of agreements have been signed with prospective partners who represent British, American, and West German interests. The steel plant will also be managed by the partners in the consortium.

Oil Refinery: Construction work on the refinery which is sited near Port Harcourt is nearing completion and it is hoped the refinery will be commissioned in 1965.

Nigerian Industrial Development Bank

This Bank has been established in January 1964 through the reconstruction of the Investment Company of Nigeria. It has an authorized capital of £5m. of which £2½m. has been paid up. Normal operations have since commenced.

Direct Investment in Industry:

The Government has already in two years spent over £2½m. to this end. The main projects in which the Government invested funds are as follows:

- (i) Paper Mill.
- (ii) Sugar.
- (iii) Tyres and Tubes Industry.
- (iv) Distillery.
- (v) Tobacco.
- (vi) Meat Processing.

Niger Dam:

Preparations of designs, specifications and contract documents for the preliminary works, main civil works and for mechanical and electrical equipment have been completed and contracts awarded. Tender for the Main Works Contract have also been awarded. Resettlement work is already in full swing. Generally, work on this very vital project is progressing satisfactorily.

D. Industrial Policies

58. Under the Constitution of the Federal Republic of Nigeria, industrial development is a concurrent subject for the purposes of legislation. All the five governments of the Federation, however, recognize the crucial role which overseas capital and technical know-how can play in the rapid economic development of the country. They have, therefore, adopted a concerted approach towards overseas investment.

59. The basic and long-term aim of the Republic's industrial policy is to promote the expansion and diversification of the economy in order to ensure a balanced economic growth, and to enhance the country's balance of payments position. The efforts of the Governments of the Republic are accordingly directed mainly towards those industries which will utilize locally-produced materials, employ Nigerian labour, provide opportunities for Nigerians to acquire technical skill and managerial experience, reduce Nigeria's dependence on imports of essential goods, and increase the value of primary products through local processing.

60. The Governments of the Federation guarantee that foreign capital, under mutually satisfactory conditions, is most welcome. Although there are no plans for nationalizing industry beyond the extent to which public utilities are already nationalized, e.g., fuel and power, ports and harbours, public transport and telecommunications, in the event of any industry being nationalized in the future, fair compensation, assessed by independent arbitration will be paid. Adequate safeguards have been provided for overseas capital.

61. Companies which offer at least ten per cent of their equity to indigenous Nigerian businessmen, institutions, and/or Government agencies, will particularly receive government encouragement. Special consideration is given to companies which make maximum use of Nigerian materials and resources.

Measures and Policies

62. The following specific measures and policies are adopted:-

Mobilization and Channelling of Savings into Industrial Investment:-

- (a) public savings;
- (b) business savings;
- (c) Institutional savings (other than business savings e.g., insurance funds);
- (d) personal savings and
- (e) savings of co-operatives.

63. The Post Office Savings Bank afford excellent opportunities for savings in Nigeria. The running of the Post Office Savings Bank is governed by Chapter 188 of the Laws of the Federation of Nigeria, and the regulations made under Section 14 of the Act Provide that deposits may be accepted from the following:

- (A) a person of full age and not under legal disability;
- (B) a married woman;
- (C) an infant of the age of seven years and upwards; or
- (D) any other person or body of persons, whether incorporated or not, who is empowered under the provisions of these regulations to make a deposit. Under (D) above the following types of accounts may be opened:

- (a) Trust Account
- (b) Joint Account
- (c) Friendly Society
- (d) Charitable Society
- (e) Co-operative Society
- (f) Native Authority
- (g) Corporation
- (h) Nigerian Military Forces
- (i) Public Trustee/Administrator-General

64. There is a limit of £2,000 to the total amount which may be deposited in personal accounts, but it is being proposed to increase this limit to encourage more savings. This limit does not however apply to corporate bodies etc.

65. In addition to the opportunities for savings afforded by Post Office Savings Bank, there is an arm of the Branch dealing with National Premium Bonds and National Savings Certificates, established under Act. 18 of 1962 to encourage public savings. There is however, no limit to the amount an individual can invest in the National Premium Bonds and National Savings Certificates.

66. The accounts in the Post Office Savings Bank, the Premium Bonds and Savings Certificates may be broadly classified under the following categories:-

- (A) Public Savings,
- (B) Personal Savings and
- (C) Savings of Co-operatives.

67. The following steps are being taken to stimulate the growth of Savings in the country:

A. Public Savings:

- (a) Direct approach:- Letters were sent to prominent Nigerian citizens, including Parliamentarians, National Rulers, Ministers, Heads of Extra-Ministerial Departments, and Statutory Corporations bringing the savings facilities to their notice and the benefits accruing therefrom.
- (b) Press and Radio:- Other means are being employed to give the scheme the necessary publicity punch - publicity through the Press, National Broadcasting Corporation, Television, Advertisement, Cinema Shows, Lectures to Schools, Colleges etc.
- (c) Posters:- Several copies of posters of 10 different types have also been produced and exhibited in public places, markets, Commercial Banks, Post Offices, Sub-Post Offices and other prominent places, inviting public attention to the advantages offered by the Federal Government for indigenous savings against old age, rainy days etc.
- (d) Publicity vans:- A number of vans has been purchased to campaign and boost public savings. With the help of commentators, the advantages derivable from savings are spread to the people in cities and rural areas throughout the country.

B. Personal Savings

68. Under the National Savings Scheme, different ways are employed to encourage personal savings viz:- Purchase of the Development Savings

Certificates, National Premium Bonds and National Savings Stamps, all of which are obtainable at Post Offices and Sub-Post Offices. Some Postal Agencies are granted the privilege of transacting Post Office Savings Bank duties. Commercial Banks all over the country sell Savings Bonds and Certificates on commission basis, not only to their customers but to the members of the public.

69. Low Income Classes:- In order to bring this scheme to the notice of the Low Income Classes leaflets printed in English and the Nigerian main languages (Hausa, Ibo and Yoruba) have been distributed to the rural areas by means of publicity vans. These leaflets outlined the usefulness of the savings scheme as compared with the outmoded indigeneous system of saving by burying money in the ground.

70. Voluntary Savings Scheme by Payroll Deduction Systems:- Saving facilities have been extended to the civil servants in the Federal Territory through the means of "Payroll Deduction System". Some of the Statutory Corporations have also adopted the system. Considerable progress is being made in this respect, and the sales of Premium Bonds and Savings Certificates have greatly increased. Statistics show that over £9,000 has been invested by this system which started operating from November, 1963. It is hoped that when most of the civil servants and staff of Statutory Corporations become more interested in the scheme, the annual investment will be in the tune of £60,000 in Lagos alone. Subscribers number 750 up to October, 1964 and total investment including the savings by payroll deduction amounted to about £25,000. It is anticipated that with effective propaganda machinery the public will become more conscious of savings and more people will patronize the scheme. On the average the monthly investment is less than £1,000, because a lot of people invest in National Premium Bonds but it is hoped that tremendous progress will be made in this venture when these facilities are spread to the regional capitals.

National Premium Bonds:- These are not registered in the name of purchasers. Statistics up to end of October, 1964 indicated that £54,000 has been invested. Within the last few months, the average monthly

investment is in the tune of £3,500, and it is hoped that the sales figure will increase considerably as the public becomes more enlightened about this system of savings.

National Savings Stamps:- This is by far the simplest way of savings especially among school children and low classes of people who cannot afford to obtain the minimum of 10/- for Savings Certificates and of £1 for Premium Bond but are given the opportunity of exchanging the amount saved for purchase of Savings Certificates, Premium Bonds or transferring it to their Post Office Savings Bank Account.

71. This system is devised to teach young people especially children the habit of thrift and it is encouraging to state that the sales of these stamps by far exceed the amount exchanged. At the end of March, 1964, statistics indicated that over £8,000 worth of National Savings Stamps were outstanding with the public. The average sale of National Savings Stamps is about £4,000 within the last few months and it is hoped that sales will increase as the campaign for savings continues.

C. Savings of Co-operatives

Post Office Savings Bank Accounts:

72. In recent years however, withdrawals are consistently in excess of deposits. This situation has arisen because with the introduction of Co-operative Banks, the Registrar of Co-operative Societies ruled that Co-operative Societies Accounts should be deposited in the Co-operative Banks. Similarly, Native/Local Authorities were taking more advantage of the other investment opportunities now available in the country, and in many cases were withdrawing their deposits from the Post Office Savings Bank.

73. On the whole the Post Office Savings Bank is still attracting the small savers. This is proved from our statistics which reveal that an average of 1,400 accounts are opened monthly as against 300 accounts closed monthly during the past six months. The total number of depositors accounts operated by the Post Office Savings Bank at present is over 300,000.

National Savings Scheme

The Cardinal Objectives

74. The National Savings Campaign was mounted in December, 1962 by the Federal Ministry of Finance in collaboration with the Federal Ministry of Communications with the primary intention of inculcating as widely as possible the saving habit among the Nigerian people and mobilizing the maximum amount possible to finance the country's development programme.

Scope of the Scheme

75. The National Savings Campaign is intended to popularise all forms of savings including the Post Office Savings Bank, Commercial Banks, Investment in Stocks, Co-operative Thrift and Loan Societies, Development Savings Certificates and Premium Bonds. The Federal Ministry of Finance has however directed its activities towards the promotion of the newly introduced savings media - the National Savings Certificates and the Premium Bonds which form a substantially important aspect of the Savings Scheme.

The Existing Machinery

The Savings Units of the Federal Ministries of Finance & Communications and the National Savings Committee

76. Since the inception of the scheme, the Savings Unit of the Federal Ministry of Finance has assumed responsibility for policy formulation, administrative and financial matters in connexion with the National Savings Campaign, whilst, in order to give practical effect to the policies formulated by this Ministry, a Small Savings Unit has been set up in the Federal Ministry of Communications as an essential machinery for operational and promotional purposes in regard to the issue and sales of premium bonds, savings certificates and savings stamps.

77. The National Savings Campaign Committee was set up by the Federal Ministry of Finance to give advice on savings publicity and propaganda material and to consider ways and means of stimulating people's interest in savings. The Committee consists of officials representing the Federal Ministries of Finance, Communications and Information and representatives from the Regions and the Federal Territory nominated by their respective Governments to serve on the committee.

Mode of Sale

78. Premium Bonds, Savings Certificates and Savings Stamps are on sale to the general public at Departmental Post Offices throughout the Federation whilst the Commercial Banks are made to sell only Bonds and Certificates. The three savings facilities have been extended to the Civil Servants in the Federal Territory on voluntary basis through the monthly pay roll deduction system. Some of the Statutory Corporations in the Federal Territory have also joined the scheme. It is being proposed to seek the co-operation of the Regional Governments with a view to introducing a similar scheme at regional level.

Result of the Savings Campaign

79. The radio, cinema, newspapers and magazines, leaflets, posters, personal letters, lectures and publicity vans were employed in advertising the three new securities (Bonds, Certificates and Savings Stamps) as well as the other media of savings already in existence in the country.

80. The total net amount of savings realized from Premium Bonds, Savings Certificates and Savings Stamps is £90,000 approximately from January, 1963, to December, 1964. This amount falls far short of the target of £1 million per annum envisaged. The demand for these securities was low owing to lack of adequate purchasing power, and other competing Savings Institutions in the country. The low demand is also attributable to the fact that most people are still ignorant of the existence of the new savings facilities. It would be absolutely wrong, however, to conclude that the campaign has not been successful in teaching the habit of thrift. It is only reasonable to expect that the National

REGIONAL SYMPOSIUM ON INDUSTRIAL DEVELOPMENT
IN AFRICA

REPORT FROM THE FEDERAL REPUBLIC OF NIGERIA

Introduction

The Federal Republic of Nigeria covers an area of 356,669 square miles and has a population of 55 million people. The country is divided into four Regions, each of which has its own Premier and bicameral legislature. Under the Constitution of the Federal Republic, industrial development is a concurrent subject, each region being responsible for industrial activities under its jurisdiction. The Federal Government co-ordinates and contributes to the regional efforts and has responsibility for establishing projects of national importance such as iron and steel.

2. Broad development in Nigeria did not commence until the start of World War II when Nigeria was cut off from Britain. Since the end of the War, however, and particularly since Nigeria gained her independence in October, 1960, manufacturing facilities have been established at an ever increasing pace. This, by no means, rules out the fact that Nigeria is at the present time an agrarian country with over 60 per cent of its Gross National Product being realized from agricultural activities. The ratio was much higher two decades ago. In contrast to agriculture, the manufacturing sector of the economy contributes less than 2 per cent to the gross national product which was £1,072 million in 1963. The gross national income rose from £900 million in 1958 to £1,072 million in 1963. During the same period, the contribution by manufacturing and handicrafts industries increased from £43.4 million to £57.4 million.

3. A high proportion - over 85 per cent of the Gross National Product is assigned to consumers' expenditures primarily on necessities including food, clothing, and housing. One result of this is that much of the manufacturing in Nigeria has been established to supply these needs.

Savings Campaign must have resulted in increased savings in other savings and investment media like the Post Office Savings Bank, Commercial Banks, Government Stocks, Investment Clubs, etc. The actual figures of savings realized from such sources as part of the National Savings must therefore be taken into account in an attempt to assess accurately the efficacy of the National Savings Campaign. It is, nevertheless, felt that the adoption of a new approach and technique and intensified efforts are required to boost up the sales of Bonds and Certificates.

Immediate Plan

81. Sale of Bonds & Certificates by Private Individuals on Commission Basis

- (i) As part of our efforts to attract more savings from the general public, a new arrangement is being proposed whereby bonds and certificates will be sold by private individuals on commission basis on similar lines as postal agents employed by the Posts and Telegraphs Department to sell postal orders, money orders and stamps. The details of the proposed sales arrangement are being worked out by this Ministry in collaboration with the Posts and Telegraphs Department and it is estimated that it might not be earlier than June, 1965 before the scheme starts to operate.

(ii) Approach to Educational Centres

It is proposed to intensify savings publicity in educational institutions by arranging a programme of lectures to be delivered in schools, colleges and universities. It is intended to address letters to the Head Teachers of such institutions notifying them that the teaching of savings habit in schools is an integral part of education for right living.

Plan in the Immediate Future

82. It is proposed to seek the co-operation of the Regional Governments with a view to employing the services provided by the local authorities

to promote the sale of bonds and certificates. In order to be able to carry out the above proposal with the maximum possible degree of efficiency consideration should be given to the setting up of Regional Savings Units and Regional Savings Committees to execute regional savings programmes, in accordance with the policies formulated by the Federal Ministry of Finance.

Fiscal Policies Relating to Industrial Development

It has always been and still is, the aim of the Federal Government to pursue fiscal policies conducive to the inflow of foreign investors to Nigeria. This has been necessitated by the fact that foreign capital is becoming scarcer and scarcer as a result of more and more emergent nations striving for the good things of industrial development. Behind the background of a congenial political and economic-atmosphere for foreign investment, the following fiscal incentives exist for the asking.

(a) Exemption of Raw Materials and Industrial Machinery from Import Duties

The Second Schedule to the Custom Tariff Act. 1958 as revised in various orders exists mainly to qualify the raw materials of industry together with industrial machinery for unconditional exemption from the Import Duties of Customs.

(b) Import Duties Relief

Where materials and equipment imported for the manufacturing process do not qualify for prima facie exemption from import duty, the Industrial Development (Import Duties Relief) Act of 1957 exists to enable the industrial importer to obtain on application, a refund of all or part of any import duties paid under the First Schedule of the Customs Tariff Act. of 1958. This Act is principally administered by the Ministry of Industries although the financial implications are generally cleared with the Ministry of Finance.

(c) Approved User Scheme

In order to reduce the delays inherent in processing applications under (b) above, the approved user scheme was devised in 1962 as a

corollary to the Import Duties Relief aspect of the Aid to Industries programme. A beneficiary of import duties relief is required to pay import duty on the materials and equipment imported in the first place and to claim for refunds later. This procedure inevitably involves locking up valuable working capital in cold storage. The Approved User Scheme was therefore introduced to get over this problem. Under the scheme, a successful applicant is issued with a licence to import the materials involved free of duty or at a concessionary rate of duty as the case may be. The life of a licence is generally three years subject to renewal at the end of that period depending on the local availability or otherwise of the material involved.

(d) Income Tax Relief (Pioneer Status)

The benefits of the above concessions would not be far-reaching unless a beneficiary were in a position to utilize any profits generated by them either for the payment of dividends to its shareholders or retain for further expansion in its formative years. To make this possible, the Industrial Development (Income Tax Relief) Act of 1958 exists to provide nascent companies with tax holidays of up to five years depending on the capital invested in fixed assets. The duration of a holiday is subject to extension in respect of periods in which losses are sustained. Provided it has incurred a minimum qualifying capital expenditure of £5,000 by its production day (the day the trade or business of a pioneer company commences for the purposes of a tax holiday) a pioneer company will enjoy income tax relief for an initial period of two years. If by the end of two years from the commencement of its tax relief period a pioneer company incurs qualifying capital expenditure in the following magnitudes its tax holiday may be extended as follows:-

£15,000	one year
£50,000	two years
£100,000	three years

It is important to add that losses may be carried forward to be offset against tax liability after the expiry of the tax holiday. Tax holidays are however, granted only to pioneer companies which have been certified

as engaging in a pioneer industry. A pioneer industry on the other hand, is one which is either not being carried on in Nigeria at present, or one which is not being conducted on a commercial scale adequate to the economic requirements or development of Nigeria.

(e) Companies Income Tax Act, 1961

Only public limited liability companies are generally qualified for the concessions analysed in (d) above which means in effect that a private company or a partnership may not qualify for the tax holiday benefit of pioneer status. Section 26 (2) of the Companies Income Tax Act of 1961 however provides the Hon. Minister of Finance with an enabling authority to exempt such companies by order, from income tax where he is satisfied that it is just, equitable and in the public interest to do so.

(f) Initial and Annual Allowances

The Third Schedule of the Income Tax Act of 1961 also provides for the granting of capital allowances on qualifying capital expenditure incurred by a company for the purpose of a trade carried on in Nigeria by means of initial and annual allowances at various rates; thus permitting the company to amortize or depreciate its capital assets in the formative years and to build up liquid reserves at an early date. Expenditure ranking for these allowances includes purchase of plant, machinery and fixtures, the construction of buildings, structures and works of a permanent nature and on the development of mines and plantations. Initial allowances vary from 20 per cent in case of buildings to 40 per cent in the case of machinery and plants. Annual allowances on the other hand, vary from 10 per cent to 33 1/3 per cent depending upon the type of assets and the amount of year and use in each case. It is therefore, possible for a company to claim and be granted up to 73 1/3 per cent of the original cost of a commercial vehicle in the first year that the asset is brought into use and in the case of plant and machinery working on one shift up to 50 per cent. These benefits accrue to both public and private companies alike, operating in Nigeria whether incorporated in Nigeria or overseas. Where a company received a pioneer certificate, the whole of the write-down of capital assets described in the foregoing analysis can be claimed at the end of the tax holiday.

(c) Protection of Infant Industries

Irrespective of the foregoing concessions which exist for the benefit of local industries we have a generous policy of protection which consists of a package deal. Protection may be given either through the medium of the tariff or by physical quantitative restrictions or both. As soon as it is clearly established that a local industry is capable of supplying a sizeable proportion of the country's requirement of its end-products, we generally go ahead to take protective measures that may be considered relevant to the special circumstances of the industry. Instances are not unknown however of protection having been given within months of a company going into production.

(b) Foreign Exchange Policy

Nigerian Exchange Control Policy is based on two major considerations, namely, the realisation that it is only one of the several administrative controls exercised by the Government to regulate the country's balance of payments position and secondly, an awareness that Nigeria being a developing country strenuously seeking an ever-increasing level of foreign public and private investment, it is almost imperative to have a reasonable liberal exchange policy. Our constant desire is to continue to maintain a climate in which foreign companies would feel confident to increase their level of investments, while making fair returns to their overseas shareholders; either by injecting new capital, or by ploughing back a fair amount of profits. It will be recalled that in a recent report of the I.M.F. on the economic and financial situation in Nigeria, it was emphasized that Exchange Control is perhaps the only area in which the Federal Government deserves unqualified congratulation.

(i) Wage Policy

So far, there has been conscious or deliberate attempt to formulate a wage policy in Nigeria. What may be regarded as elements of a policy are the voluntary and statutory provisions relating to wage negotiation, wage regulation and wage protection. The keynote, however, is that the

industrial relations policy of the Government is oriented towards voluntary negotiation, as far as possible, of wages and conditions of employment of labour. In circumstances where this policy of encouraging collective bargaining has been found impracticable, either because trade union organization is non-existent or ineffective, the provisions of the Wages Boards Act (Chapter 211 of the Laws of the Federation of Nigeria) have been invoked to regulate wages and conditions of employment through the establishment of wage boards. This Act was enacted in 1957 and since then a wage board has been established in the retail and ancillary trades in Lagos, as a result of which a minimum wage order was made in 1960. But before then, similar provision had existed in the former Labour Code Ordinance which enabled Labour Advisory Boards to be established in trades and industries wherein the exploitation of labour could not be remedied or mitigated by trade union action.

83. Recently, however, a Commission of Inquiry into the wages and salaries of junior employees in Nigeria enunciated a number of principles of a national wages policy which, it recommended, should be implemented on a permanent basis. Consequently, the Commission also recommended the establishment, under the aegis of the Federal Ministry of Labour, of a National Wages Advisory Council whose main functions would be to observe, co-ordinate and advise on all aspects of a national wage policy. The Council would also be required regularly to analyse the trends in the field of industrial relations and the terms of settlement of labour disputes and to estimate the effects of these on national wages policy and economic development.

84. The above recommendations have been accepted in principle by the Government and the details of their implementation have been the subject of consultations with the central labour and employer's organizations in recent months. It is hoped that the establishment of the Council will materialize in the very near future.

E. Institutional Framework

85. There have been vigorous efforts at the Federal and Regional levels to reorganize and strengthen existing institutions for promoting economic

development and to provide new and adequate institutional framework for nation building.

86. The principal planning organisation in the country is the National Economic Council. This is a Ministerial body comprising the Prime Minister as Chairman, regional Premiers, and some Federal and Regional Ministers. It has the responsibility for co-ordinating the economic activities of the various governments of the Federation. It also provides a forum where representatives of various governments could meet to discuss their development policies and common economic problems.

87. Most of the work of the Council is done by the Joint Planning Committee which was set up by the National Economic Council. This is a committee of officials from both the Federal and Regional governments, with the Economic Adviser to the Federal Government as Chairman. It offers advice to the National Economic Council on the formulation of Development Plan and on other matters referred to it by the Council.

88. Apart from the National Economic Council and the Joint Planning Committee set up by it, the Federal and Regional governments have their own Planning Organizations - the Economic Planning Unit for the Federal Government and the various Ministries of Economic Planning for the Regional governments. These organizations are responsible for the initial preparation of the plans in their respective spheres of influence.

89. The Federal Office of Statistics has, among other things, the responsibility of implementing a programme of statistical development approved by the Joint Planning Committee.

90. The National Manpower Board consisting of representatives of universities, private industry and trade union leaders and various Government Ministries and organizations involved in manpower development problems, has been set up to advise and co-ordinate manpower development policies with emphasis on national manpower budgeting, productivity and unemployment questions.

91. The Federal Institute of Industrial Research is an institution established by the Federal Government under the Federal Ministry of

Industries to carry out applied research into Nigerian raw materials for existing and new industries.

92. The responsibility for the establishment and promotion of industries rests with the Federal Ministry of Industries and its regional counterparts. There is always very close co-operation and consultation among these ministries in areas of common interest. The Federal Ministry of Industries has a Projects Evaluation Unit, a Planning Unit, and an Incentives Unit. The Projects Unit is responsible for project analysis and evaluation whilst the Incentives Unit is responsible, among other things, for processing applications for the grant of government concessions to industries and providing information to investors.

93. Each region has a Development Corporation charged with the responsibility for participating in the establishment of industries. Several important projects, including processing plants and catering houses, are owned and operated by these Corporations.

94. In the field of industrial finance, apart from the banking system including the fast growing Lagos Stock Market, there is the Nigerian Industrial Development Bank which, although newly established, is already playing a decisive role in the promotion of industrial development in the country. It makes loans available to medium-sized and large-scale industries. Loans to small-scale operations are made available by the Federal Loans Board and the Revolving Loans Fund for Industry.

95. Co-operative Societies are many in the country. They operate mainly in the areas of finance, retail, and farming and they are making an appreciable contribution to the country's industrial development.

96. Institutional Provisions for Training Skilled Labour Technicians etc.

The account and analysis of Nigeria's institutional framework will not be complete without mentioning the institutions for training skilled manpower so badly needed in the country.

97. It has been stated (Times Educational Supplement): "Education for life must mean an education which produces good workers and one which fits them socially for the obligation of industrial citizenship

in the widest sense". Although the economy of Nigeria is based mainly on agriculture, great efforts are being made to develop industry as a means of increasing the country's wealth, of creating new employment opportunities, of cutting down on imports, and generally of improving the standard of living of the people. Industrial development is closely bound up with the development of new skills. Scientists and technologists are required for planning industrial development programmes and technicians, craftsmen and artisans to assist in implementing them. If industry's reasonable demand on the educational world are not met development will slow down, if not stop, and will be wasteful; unemployment will increase and indeed there will be social dissatisfaction.

98. In Nigeria the need to match industrial progress with the improvement of skills is fully appreciated. As industry becomes more mechanized and processes more specialized, there will be demand for repetitive workers, machine-minders, and operatives. Further a great part of industry will be concerned with maintenance and servicing, e.g. on motor vehicles, railways, on plant used in civil engineering, building, and cement works and in oil mills. Government requires experts to plan integrated economic development programmes in order to avoid the chaos resulting from uneven or imbalanced growth. It is also anxious to see that massive programmes are not held up by lack of trained manpower, while industry is desirous of ensuring that the demand for its goods and services is not impaired for the same reason.

99. A two-cornered attack has therefore been made on Nigeria's educational need which have been described as "of great magnitude".

100. An indication of the scale of Government provision in 1961 for technical education in Nigeria below the professional level, is given in the following table, which has been built up from returns obtained from technical institutes and trade centres.

TABLE 10

Enrolments of Students at Government Trade Centres
and Technical Institutes in May 1961

Region	Technical Institutes				Total	Trade Centres
	Sec- ondary	Full-time and Sandwich	Part-time Day	Evening		Boys Full-time
Lagos	235	205	238	723	1,401	658
Eastern	207	74	-	172	453	182
Northern	-	226	-	57	283	679
Western	-	31	-	-	31	398
Totals	442	536	238	952	2,168	1,917
					Grand Total	4,085

- Notes: (a) The 442 Students in the column headed "secondary" are doing secondary courses in technical institutes.
- (b) No returns from two training centres for girls are available.

Trade Centres

101. A further breakdown of the last column of Table 1 provides some information on enrolments in existing courses. For this information please see Table 11.

The courses in the trade centres are generally of three years duration, except in the Northern Region where they range from 3 to 5 years. But by September, 1965, it is hoped that they will have been standardized as 3 years. Generally the centres are residential except at Yaba and Oyo.

Another consequence is that private domestic savings cannot be counted upon to make an appreciable contribution to capital accumulation. The cost of industrial development will, in the main, have to be borne by the Nigerian Public Sector and foreign investment. However, owing to the multifarious demands on the limited funds of the Nigerian Government, a high proportion of the financing for industry must be sought abroad.

4. Apart from the problem of shortage of development capital, the other equally serious problems facing industrial development in Nigeria include a dearth of trained managers and a limited effective demand for most industrial products. The problem of domestic demand for some Nigerian manufactures involves not only low capital income (estimated at between £25 - £30) but also the competition from imported manufactured goods where such goods are preferable to the locally produced ones in price and/or quality. This position however, continues to improve under a protective tariff structure. With regard to exports, manufacturing in Nigeria is oriented to serve the demand of the Nigerian consumers. Manufactured goods have never amounted to 1 per cent of the total value of exports, and a preponderant proportion is exported mainly to neighbouring African countries. This is another problem situation for industrial development in Nigeria - how to expand the export of manufactured goods to developed countries of Europe and the USA.

5. On the other side of the coin, Nigeria possesses many useful natural resources, a fairly adequate infrastructure, a willing labour force, and governments that are actively promoting industrial ventures.

6. Broadly speaking, industries in Nigeria can be divided into two main categories. On the one hand are those which may be referred to as raw-material oriented. These include abattoirs, cotton ginneries and tin smelters in the North; rice mills, soap manufacture and palm oil mills in the East; and rubber processing, sawmills and canneries in the West and Mid-West. This category forms approximately one-half of total manufacturing activities in the country. The other main category comprises of industries referred to as market-oriented. Like the first category, this group makes up approximately one-half of the

TABLE 11
Details of Enrolments and Courses in Government Trade
Centres in May 1961

Course Description	Lagos	North	East	West	Nigeria
Electrical Installation	-	30	-	-	30
Electricians	64	55	21	30	170
Fitter-Machinists	97	72	35	36	240
Instrument Mechanics	26	-	-	-	26
Blacksmiths and Welders	34	60	21	26	141
Sheetmetal Workers	44	72	13	15	144
Motor Mechanics	109	106	28	39	282
Motor Body Builders	23	12	-	15	50
Shipwrights	-	-	-	22	22
Bricklayers and Masons	40	89	7	48	184
Carpenters and Joiners	39	111	15	40	205
Cabinet Makers	70	24	14	36	144
Wood Machinists	26	-	14	16	56
Plumbers	39	12	-	26	77
Painters and Decorators	47	36	14	49	146
Total	658	679	182	398	1,917

102. The three year courses are based generally on the standard of Intermediate City and Guilds of London Institute Courses even though a small proportion of students take the examinations with success, the majority depend more for certification on the Federal Ministry of Labour Trade Test.

103. The following tables 12 and 13 based on returns from principals in 1961 show the types of courses and enrolments in technical institutes.

TABLE 12

Details of Full-time and Sandwich Courses and
Enrolments in Technical Institutes in May 1961

Course Description	Number of Students				Total
	Yaba	Ibadan	Enugu	Kaduna	
Preliminary Technical	-	31	-	-	31
Ordinary Certificates:					
Civil Engineering	86	-	-		
Mechanical Engineering	26		24	61	226
Electrical Engineering	29		20		
Engineering Institutions (to be discontinued)	33				33
Building Courses					
Ordinary Certificate (full-time - 3 years)	-	-	18	-	18
Ordinary Certificate (Sandwich - 2 years, to be discontinued)	-	-	12	-	12
Assistant Technical Officers	-	-	-	37	37
Technical Assistants (to be discontinued in 1963)	-	-	-	25	25
Architecture	25	-	-	-	25
Art	26	-	-	-	26
Commercial:					
Junior	-	-	-	97	97
Senior	-	-	-	6	6
Totals	205	31	74	226	536

The above courses are non-residential except for the commercial courses at Kaduna and Yaba, where all are residential apart from art.

TABLE 13

Details of Part-time Day and Evening Courses and
Enrolment in Technical Institutes in May 1961

	Numbers of Students				Total
	Yaba Evening	Enugu Evening	Kaduna Evening	Yaba Part-time	
Introductory or Junior Technical	291	100	-	116	507
Ordinary Mechanical and Electrical Engineering	58	25	-	-	83
Mechanical Apprentice	-	-	57	-	57
Engineering Workshop Technology	-	-	-	12	12
Senior Building	55	20	-	-	75
Carpentry and Joinery (to be discontinued)	25	-	-	6	31
Telecommunications	-	12	-	7	19
Radio Service Work	-	-	-	31	31
Printing	8	-	-	32	40
+Commercial	217	15	-	34	226
Art (various)	69	-	-	-	69
Totals	723	172	57	238	1,190

+See also Table 14.

105. The Yaba Technical Institute provides 3 main types of senior course:

- (a) Full-time day (sandwich)
- (b) Part-time day release
- (c) Evening

In addition, there are four-year residential secondary technical and commercial courses providing ~~general education to~~ General Certificate of Education, Ordinary Level, or West African School Certificate, with bias towards applied science or commerce. Applicants for admission must possess either School Certificate with four credits (including English, Mathematics and Science) or the fourth year Junior Technical Certificate of the Yaba Technical Institute. Each course, which is based on the syllabus of the Overseas Ordinary Certificate of the City and Guilds of London Institute, is made up of one year full-time at the Technical Institute, followed by 15 months in industry, with a further full-time session at the Institute.

105. At Enugu Technical Institute, there are courses for the Overseas Ordinary Certificate of the City and Guilds of London Institute in mechanical engineering, electrical engineering and building. The courses are of 2 years' duration.

106. The Kaduna Technical Institute has four technical courses:

- (i) for assistant technical officers - 3 years' sandwich;
 - (ii) for technical assistants - 3 years' sandwich;
 - (iii) for assistant technical officers - 4 years' sandwich;
- and

(iv) for mechanical apprentices - 5 years' evening. Courses (i) and (ii) are sponsored by the Ministries of Works, Agriculture and Native Administration while course (iii) is sponsored by private industry as well as by Ministries. Course (ii) will have been discontinued in June 1963 when all the students had completed the training.

107 Commercial Education

As was pointed out in the Ashby Report, there is a dearth, both in the public service and in business, of well-educated secretaries, book-keepers etc. to fill clerical and administrative posts.

108. The following table (Table 11) shows the range of commercial education provided in technical institutes.

TABLE 14
Range of Technical Courses in Technical
Institutes in 1961

Note: T.I. - Technical Institute

Types of Course	Number of Students
(i) <u>Secondary Commercial (full-time)</u>	
(a) Enugu T.I. 5 years Resident	109
(b) Yaba T.I. 4 years Resident	96
Total	205
(ii) <u>Post-Secondary Commercial (full-time)</u>	
Kaduna T.I. 2 years Junior Resident	97
Kaduna T.I. 1 year Senior Resident	6
Total	103
(iii) <u>Part-time Day and Evening</u>	
(a) Enugu T.I. Junior Commercial 3 years	15
(b) Yaba T.I. Secretarial/Accountancy	14
Yaba T.I. Stenography (English, Shorthand and Typewriting)	20
Total	49
(iv) <u>Evening Course</u>	
Yaba T.I. General Commercial 4 years	85
Yaba T.I. Shorthand and Typewriting 4 years	84
Yaba T.I. Transport 2 years	48
Total	217
Grand Total	574

109. Two Federal Training Centres, operated by the Federal Ministry of Establishments cater for about 400 students in Lagos and Kaduna and supplement the courses provided in technical institutes. At Lagos the courses offered are (1961):

- (a) for stenographers Grade IIA or 3 - 12 months' duration
- (b) for Stenographers Grade I - 6 months' duration;
- (c) for Secretary-Typists - 6 to 9 months' duration;
- (d) for Clerical Assistants - 18 weeks' duration. Students (a) to (d) have either a Government Class IV qualification or possess a West African School Certificate.
- (e) a range of short specialised courses (one to eight weeks) for higher grade officers in the executive and administrative grades.

At Kaduna, two types of courses are offered:

- (a) Clerical - subjects include English, history, geography, civics, typewriting, book-keeping and Government Regulations and Orders.
- (b) Postal - subjects include English, history, geography, civics and postal regulations.

The students are mostly Northerners and training is undertaken for all Government Departments. The educational standard on admission is Primary School Class 6 and the courses last 2 years.

110. In addition to the above technical and commercial training provided in Government institutions, considerable provision of various levels is made by a number of industrial concerns, public corporations and Government departments. Some of these institutions provide training of a specialized kind. The United Africa Company Ltd., Union Training Co. Ltd., Shell-Bp Petroleum Development Company Limited and the public corporations have their own training schemes. A description of one of them may be note-worthy.

111. The Shell-BP Petroleum Development Company (Nigeria) Limited has a well developed training scheme. Applicants are subjected to careful selection. Of the 10,000 candidates who applied for recruitment in 1960, 500 were interviewed and 54 finally chosen.

112. Apprentices are not indentured but are trained as students rather than as employees. Entry qualifications are a minimum of 3 years secondary schooling and ages between 17 and 19.

113. For the first 6 months the students attend the school for a general course, which includes general subjects and elementary work in a number of trades. Following this diagnostic period, the study of general subjects is continued full-time for a further 6 months, combined with specialisation in one of 5 trades, the selection of which is based on the students' performance and the company's needs. In the second and third years of the apprenticeship, students are allocated to the company's workshops for continued training in their trades but one and a half days per week and spent in the Training School with the Intermediate City and Guilds of London Institute as an objective. Students make their own residential arrangements.

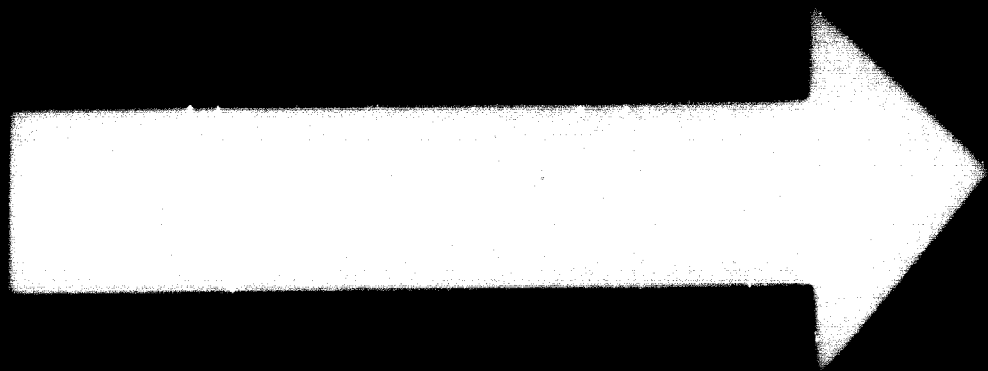
114. In addition, there are technicians in training, who are prepared for the Ordinary Certificate in mechanical, electrical or civil engineering in the sandwich course at the Technical Institute, Yaba.

115. Higher Education

While the report, including statistics, in the preceding sections applied to the year 1961, the paragraphs on Higher Education are much more up to date, relating as they do to the year 1965.

116. A total of 2,339 Nigerian students are reported to be completing their educational courses in Universities and other institutions of higher learning, at home and abroad. The figure reflects the efforts being made by the family, academic community foundations, corporations, and Government to meet the challenge of education as a vehicle of economic development.

117. The following table (Table 15) shows the fields of study and the number of students.



28.3.74

total manufacturing activities. In this category are included cement plants in the East and the West (and under construction in the North), and the bicycle-assembly, bitumen-processing, and asbestos-cement plants in both the East and the West. The list includes factories for textiles, brewing, cigarettes, furniture, metal fabrication, tyre production, assembly of electric appliances etc., which are established in all the regions.

7. The Governments of Nigeria are quite aware of the imbalance in the national economy, and they have turned their attention to the quest to narrow the imbalance, reduce unemployment and under-employment, and increase the well-being of the nation generally. Industrial development is seen as a means of achieving these crucial ends. There is a vigorous attempt to lay a solid basis for industrial manufacture, to establish and expand manufacturing activities, and to accumulate capital for further development. The procedure for doing these, the progress so far made, and the difficulties encountered, are described in some detail in what follows.

4. Importance of Manufacturing in the National Economy at present

8. The World Bank, in a comprehensive study of the Nigerian economy in 1954, put the contribution of industry (in 1952-53) at 10.5 per cent of the gross domestic product. The Bank, however, used the term "industry" in a very broad sense to include not only manufacturing but handicraft production, construction, and power production. On the other hand, Professor Stolper, using a narrower definition, calculated a figure of 1.5 per cent for 1960.

9. The stark fact, however, is that the contribution of manufacturing to the gross national product of Nigeria is extremely small - less than 2 per cent. The export of manufactured goods has always amounted to less than 1 per cent of the total value of exports. These facts are supported by the following tables:-

TABLE 1

Gross Domestic Product of Nigeria 1958-1959 to 1962-63
by Branch of Activity at Constant 1957-58 Prices

£ million

Activity	1958-59	1959-60	1960-61	1961-62	1962-63
1. Agriculture, Livestock, Fishing and Forestry	619.9	613.0	640.0	665.6	694.1
2. Mining (including oil exploration)	7.0	6.6	8.4	13.8	18.2
3. Manufacturing and Crafts	43.4	48.1	52.9	55.3	57.4
4. Building and Construction	22.9	32.1	33.3	27.5	29.2
5. Public Utilities (Electricity and Water)	2.4	2.9	3.6	4.5	5.2
6. Transport and Communication	32.0	35.4	40.5	46.5	46.5
7. Government (Public Administration and Defence)	24.4	31.3	29.7	32.0	32.0
8. Education	19.8	23.1	25.0	27.0	30.0
9. Health	3.1	3.6	3.7	3.8	5.0
10. Banking, Insurance and other Financial Services	2.3	2.8	2.8	2.9	3.0
11. Other Services	14.1	15.4	17.8	18.5	19.9
12. Distribution (including Marketing Boards)	108.7	124.2	123.6	116.6	131.9
Gross Domestic Product at constant 1957 factor cost	900.0	938.5	981.3	1,014.0	1,072.3

TABLE 2

Export of Manufactured Goods

	1954	1956	1958	1960	1961	1963
£ millions:	1.057	1.114	1.208	1.506	1.600	1.798
As % of total export value:	.7	.8	.9	.9	.9	.97

Sources: Nigeria, Department of Statistics, Trade Report, 1958,

Abstract of Statistics, 1960; Nigeria Trade Summary: December 1960.

10. Nigeria's gross capital formation, for the period 1950-60, averaged 11.3 per cent of the gross national product. During the past decade the trend has been steadily upward; in 1960, for instance, it rose to 15.4 per cent. Of this fixed investment in 1960, plant and machinery (i.e. investment in manufacturing) accounted for £20.62 million, or 13 per cent. Since independence, investment in manufacturing facilities has increased appreciably, emphasising the increased importance being attached to manufacturing in the national economy.

11. Another indication of the importance of manufacturing in the national economy is the share of manufacturing in employment. Statistics of manpower distribution afford a broad indication of the position of various industries in the national economy; but when used for this purpose they must be interpreted with caution, because they ignore the amount of capital invested per worker. It is also often not easy to say where one industry ends and another begins, especially where an establishment engages in a number of unrelated activities. With these qualifications in mind the figures in Table 3 can be regarded as showing the relative importance of manufacturing to the different major industries in Nigeria.

TABLE 3

Actual Employment by Industries for the years
1958 to 1962

Year	Agricul- ture	Min- ing	Manu- fac- tur- ing	Cons- truc- tion.	Elec- tri- city	Comm- erci- al	Trans- port & Commu- nica- tions	Ser- vices	Misce- lla- neous	Total
Sept. 1958	24,862	49,506	29,154	116,596	9,847	43,780	46,943	117,678	2,618	440,984
Sept. 1959	25,615	41,244	32,000	96,860	16,309	38,982	45,838	136,519	-	433,367
Sept. 1960	40,113	43,105	32,821	112,719	8,340	39,974	39,272	183,604	-	499,946
Dec. 1961	37,254	27,347	34,263	89,303	11,248	37,551	42,737	143,172	-	422,875
Dec. 1962	31,308	47,817	53,125	100,793	16,545	38,925	49,831	180,461	-	518,805

Notes: (i) Southern Cameroons figures have been excluded from 1958 and

(ii) '2400' omitted in mining industry in 1961 was added when computing the proportion of manufacturing to total employment.

The table shows a progressive increase from 1958 to 1962 in the numbers of workers engaged in manufacturing. The actual figures, which are 29,154, 32,000, 32,821, 34,263 and 53,225 respectively, suggest manufacturing as a rapidly growing industry, but a closer examination of the figures from one year to another reveals that the growth is not uniform.

12. Using data upon which the current Industrial Directory 1964 is compiled, unofficial figures indicate that employment in manufacturing establishments with ten or more employees is roughly 105,000. This number is about twice the number shown by the Employment and Earnings Survey which was 53,125 in December, 1962. During 1964, at least 14,000 Nigerians were provided with employment by new manufacturing establishments. In 1958 there were 29,154 in manufacturing, but in 1962 the

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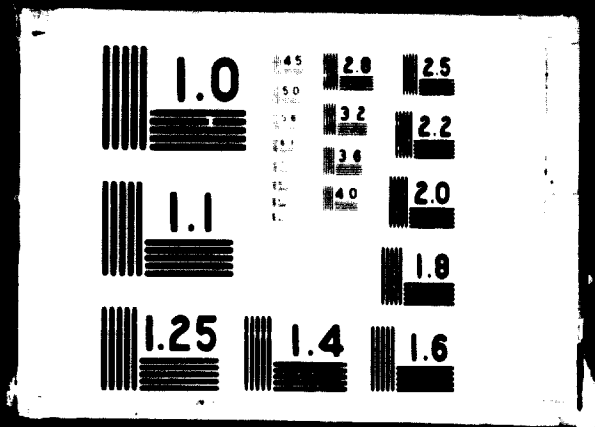


TABLE 15

Fields of Study of Potential
Graduates and Number of Students

Faculty		No. of Students
(i)	Arts and Education	457
(ii)	Science, Mathematics, Technology, Engineering	545
(iii)	Social Studies, Religious Studies, Administration and Economics	562
(iv)	Medical and Allied Subjects	249
(v)	Agriculture, Forestry and Veterinary	161
(vi)	Languages	108
(vii)	Law	238
(viii)	Unspecified	18
Total		2,339

118. External Assistance

One of the basic financing assumptions in the current Six-Year Development Plan is that 50 per cent of all capital expenditures will be met from external sources. Over the plan period, an aggregate amount of £327.1 million was expected as foreign aid by all the Governments of the Federation.

119. But, so far, events in this field have proved that external financial assistance has not been coming in the scale projected. For instance, out of the total capital expenditure of £41 million by the Federal Government in 1962-63, only about £8 million came from foreign sources. This means that the external finance component of the capital expenditure of the Federal Government in that year amounted to only 19 per cent. This falls far short of the 50 per cent target planned.

When all the Governments in the Federation are considered, only 13.8 per cent of the aggregate capital expenditure came from foreign sources. The position in 1963-4 was even worse. The ratio for all Governments in that year fell to 11 per cent. It means that for the first two years of the plan the average proportion of foreign financial assistance to the aggregate capital expenditure of all the Governments was about 12.4 per cent.

120. The conclusion from the above analysis is that external finance has not so far fulfilled the high expectations of the National Plan. Both the level and the composition of external finance have not given cause for satisfaction.

121 Many loans and grants have been negotiated and firm promises made. The major grants assured include £35 million from the United States Government, £5 million education grant from the United Kingdom Government, and £5 million from the United Nations Special Fund. In fact, according to the 1964 Progress Report on the Development Plan, foreign loans and grants assured so far amount to £216.7 million or just 65 per cent of the total estimated foreign aid. However, most of these loans and grants are tied to particular projects in the Plan and the amount cannot be used to finance other projects no matter the priority assigned to them. Also, each donor country has its own requirements and has to be satisfied on the viability and merits of the projects under consideration. Plans and designs have, therefore, to be prepared to suit the requirements of particular donors. These factors have been responsible for the delay in negotiating for loans and in making full utilisation of the firm offers made.

122. In assessing the future, one cannot but view with optimism the prospects of foreign financial aids coming in greater scale than is hitherto the case in the form of loans, grants, contractor finance and technical assistance.

123 The value of technical assistance in the first two years of the Plan is estimated at £9.9 million. When this is taken into account the proportion of foreign aid to actual capital expenditure increases from about 12.4 per cent to about 20.9 per cent.

124. Technical Assistance given by governments, international agencies, private foundations and organisations, takes one or all of three forms:

- (a) sponsoring experts, technical and professional personnel to perform some highly technical or specialized assignments in the recipient country;
- (b) sending equipment and personnel required by the technicians and experts under (a) and commodities required for projects being implemented through technical assistance; and
- (c) training of trainees from the recipient country by the donor country in specialized skills and further professional training in institutions at the expense of the donor country.

125. In the first three years of the National Development Plan, the momentary value of the technical assistance utilized, which is quite difficult to quantify, appears to be of about £12.9 million made up as follows:-

Experts and Personnel £5.7 million;

Trainees £4.3 million; and

Equipment and commodities £2.3 million (1964 Progress Report).

The sources are mainly the USA, UK, Canada and the Federal Republic of Germany. Technical Assistance agreements have been signed with the United Nations and its Specialized Agencies, the Federal Republic of Germany, the UK, Yugoslavia, Czechoslovakia, Canada and Hungary. Several other agreements are under negotiation. Nigeria has since 1963 trained under regular technical assistance, about 1,570 persons in different fields of study.

126. On the whole, it is true to say that technical assistance schemes have been almost as important as external financial aid in implementing the Six-Year Plan.

127. F. Conditions and Prospects for Accelerating Nigeria's
Rate of Industrial Development - an Appraisal

Nigeria is a country with tremendous potentialities. It is rich in natural resources with a teeming population to supply the necessary

manpower. Nevertheless, the nature's rich endowment in the shape of the country's lands, rivers, mineral wealth, the resources of its ocean-front, and, above all, its virile population have scarcely yet been developed to a degree sufficient to alleviate the poverty of the bulk of the people largely because of the paucity of capital and the technical know-how which are essential for harnessing all the resources for a faster rate of economic growth.

128. Agriculture in the economy of Nigeria is both the basis of its strength as well as an area of many weaknesses and lack of development in this area may likely retard industrial development. For one thing, an industrial population must have to be well fed. Since agriculture contributes about 56 per cent of the GDP of Nigeria thus emphasizing its enormous importance, and since the bulk of the foreign exchange earnings of the country comes from the exploitation of primary products, the development of agriculture in relation to its potential, especially in such areas as livestock, arable farming, and horticulture, must have to be accelerated if the rate of industrial development would be enhanced and sustained.

129. The value of manufacturing production has risen from £3 million in 1950 to roughly £15 million in 1960. Although the rate of growth was rapid, total production nevertheless represented only 1.3 per cent of the GDP in 1960. No doubt, the prospects for rapid industrial development are good considering that there is available a large internal market, a variety of raw materials, a plentiful and adaptable labour force, and abundant sources of power. There is a real shortage of skilled labour. But the present emphasis on the development of technical skills as well as the economic reward of work in industry provide an incentive to the emergence of a skilled labour force. There is also a considerable deficiency of high and intermediate level manpower such as entrepreneurs, managers, supervisors, foremen and technologists. This, perhaps, represents the greatest impediment to rapid industrial growth. The problem is being alleviated through technical assistance to the country from bilateral and multilateral channels.

130. Investment of domestic capital in industry is still very little developed, although foreign investments have been coming to maintain a paltry rate of investment in manufacturing and processing industries of roughly £3 million, per year and in mining industries of a little over £8 million per year. Nigerians have shown preference for investment on trading, road transport, service industries and construction, where returns are relatively large and rapid. There is need for, and there must be a faster rate of industrial growth but this calls for a shift into investment on processing and manufacturing industries. The prospects are bright for future reorientation. With the establishment of the Nigerian Industrial Development Bank, and with the steady growth of the Money and Capital Market, Nigerians are becoming more investment-conscious and indigenous participation in industrial projects is on the forward march. The governments of the Federation, especially the Federal Government, now adopt different measures to increase and encourage private savings and to mobilize these idle resources for industrial development.

131. But the proceeds of these diverse bold efforts to increase domestic savings cannot go far in attaining substantial industrial growth without the inflow of foreign capital to supplement them. During the process of rapid and planned development, a surplus of real imports over exports is needed to sustain the planned levels of investment consumption. Such a surplus cannot always be financed by a country's own external reserves and require to be supported by inflows of foreign capital on both the public and private sectors.

132. For foreign capital to flow in at a sufficient scale, favourable economic, political and social conditions must be created. After all, Nigeria is competing with so many other countries (developing and developed alike) for foreign capital which is itself scarce. As our Hon. Minister of Finance said in his recent Budget Speech, "Economic and financial laws do not operate in a vacuum but within the social and political framework of a given community". Foreign investors want, not only where marginal efficiency of capital is highest, but also where their capital and profits would be safe and from where they could be easily

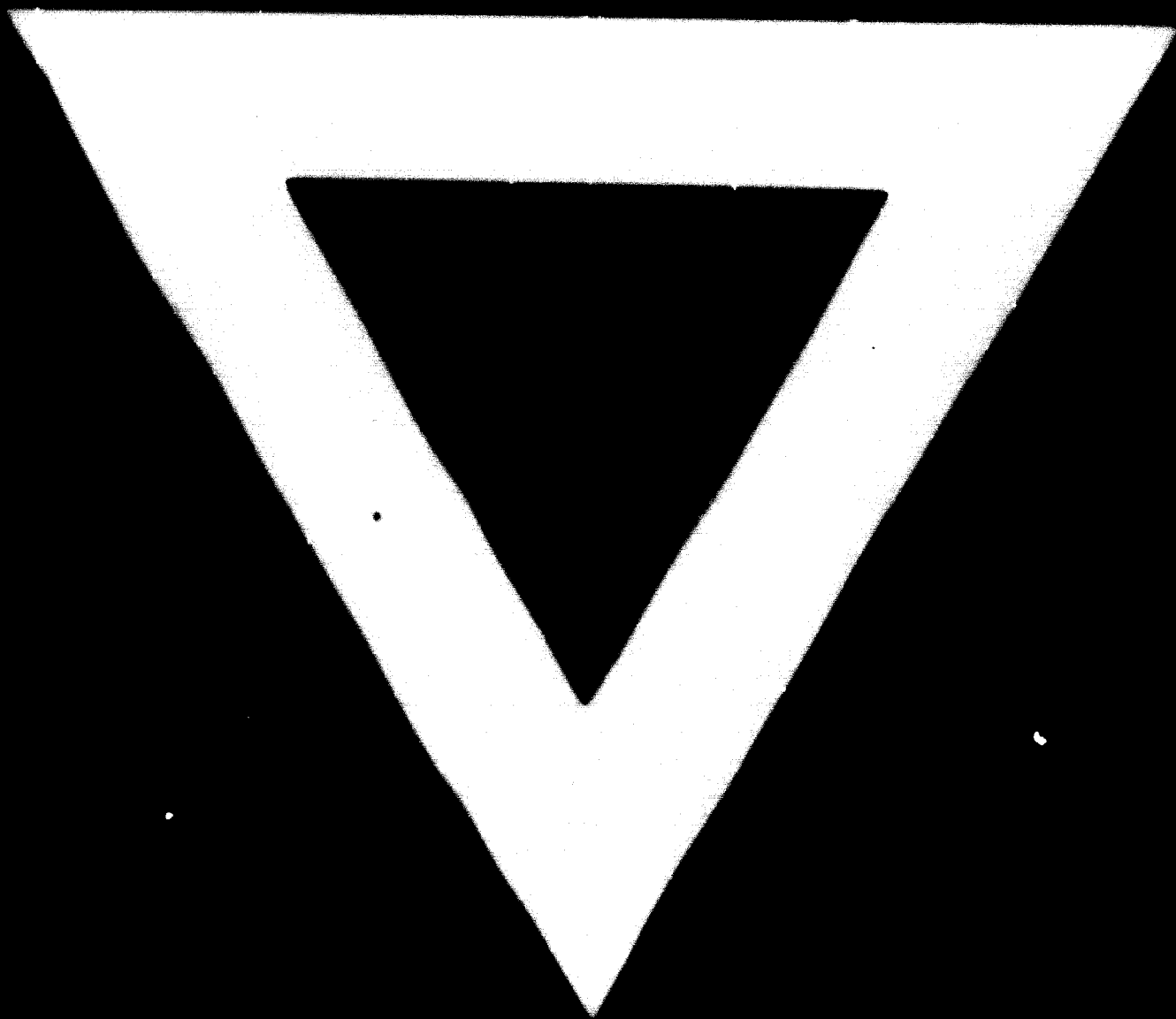
and safely repatriated. Tax holidays and tariff exemptions are there as incentives to foreign investors. But a greater incentive still is political and social stability. Efforts must be made to avoid serious social, tribal or political strains and stresses. Achieving this, and with a reasonable degree of financial and monetary stability, the goodwill of our foreign donors will be ensured and the much needed foreign capital will be forthcoming to facilitate a higher rate of industrial growth.

133. Nigeria still largely depends for her funds on exporting primary products, and these are therefore of vital importance to her economy. Primary commodity prices have generally remained low in the world market and this has been a major retarding factor in the process of economic development of the primary producing countries.

It is regrettable that there is still no sign that the industrialized countries are prepared to take any positive steps to assist primary producers to obtain more satisfactory prices for their exports. Better prices of Nigerian export commodities will reduce her dependence on foreign aid for industrial growth. Recognizing this, the Government is sparing no efforts in negotiating for concessions in the European Economic Community, in participating in such international conferences as the United Nations Conference on Trade and Development, and in negotiating with individual countries on bilateral basis - all directed to expanding her export markets and to enhancing her terms of trade. Trade, rather than aid, is a more pressing pre-requisite for accelerating our rate of industrial development.

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