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NATIONAL DEVELOPMENT PLAN 1962/68.

Table 2

	FEDERAL		CAPITAL EXPENDITURE PROGRAMME DISTRIBUTION BY AREA			
	Federal Territory (Projects of National importance)	(Other Projects)	Northern Region	Eastern Region	Western Region	Not specific to any Region, (e.g. Purchase of Rolling Stock, Police, Defence, etc.)
Proposed Expenditure £ million	39.1	55.2	118.4	30.8	51.1	99.2
Proposed Expenditure Percentage Distribution	9.9	14.0	30.1	7.8	13.0	25.2

If to these figures are added the Regional Government capital expenditures, the position becomes as follows:-

Table 3

NATIONAL CAPITAL EXPENDITURE PROGRAMME - DISTRIBUTION BY AREA

	FEDERAL TERRITORY		Northern Region	Eastern Region	Western Region	Not specific to any Region (e.g. Rolling Stock, Police, Defence, etc.)
	(Projects of National importance)	(Other Projects)				
Proposed Expenditure £ million	39.1	55.2	227.7	107.5	147.4	99.2
Proposed Expenditure Percentage Distribution	5.8	8.2	33.7	15.9	21.7	14.7

6. Appendix I to this memorandum provides a distribution by sectors of the proposed capital expenditure programmes. Of the total expenditure of the four Governments, it will be noted that:-

- (a) only 18.1% is intended for the development of agriculture and industry, that is less than one fifth of the programme;
- (b) investment in the economic services, covering transport, power and communications amounts to 41.2% of the programmes.

.../

- (c) proposed social overhead expenditure (which includes education, health, town and country planning, social welfare, water supplies and information) takes up 30.6% of the programme;
- (d) finally, general administrative services are responsible for 9.2% of the expenditure.

Attention should be drawn to the fact that of the £59 million expenditure proposed by the Federal Government for general administration, £52.8 million is taken up by expenditure on police and defence.

7. At this stage, it must be emphasised that the preceding paragraphs are intended to provide only a tentative overall picture of the situation. At the time of preparing this memorandum each of the four programmes is in the process of re-evaluation and revision by the Government concerned. Before final determination and presentation of the National Plan, a major series of adjustments will have to be made. Furthermore, any plan will have to be flexible and must inevitably be continually reviewed in the light of available resources and results achieved.

8. It must be further pointed out that in estimating the cost of the various projects it has been assumed that there will be no price increases throughout the period. In contemplating capital expenditure of this magnitude, a certain degree of inflation is almost inevitable. An overall fiscal and monetary policy must be adopted to ensure that wages and prices do not register a sharp increase.

RECURRENT EXPENDITURE

9. The recurrent expenditure proposals arising from the programme submitted may be briefly set out as follows:-

.../

Table 4

£ million

	Federal Govt.	Northern Region	Eastern Region	Western Region	Total
Recurrent Expenditure 1962-67, assuming maintenance of existing services only	300.7	135.0	114.8	101.0	651.5
Additional recurrent expenditure, 1962-67 arising from Development Plan Capital Outlays	55.3	60.3	47.2	20.0	182.8
Anticipated Additional Debt Service	25.0	30.0	12.2	5.0	72.2
Total proposed Recurrent Expenditure, 1962-67	381.0	225.3	174.2	126.0	906.5

The combined total of the capital and recurrent proposals envisaged by the programme is, therefore, as follows:-

Table 5

£ million

	Federal Govt.	Northern Region	Eastern Region	Western Region	Total
Capital Expenditure	343.0	109.3	76.7	96.3	625.3
Recurrent Expenditure	381.0	225.3	174.2	126.0	906.5
Total Expenditure	724.0	334.6	250.9	222.3	1,531.8

It should be noted that the figure of capital expenditure for the Federal Government does not include items which will be self-financed by Statutory Corporations.

10. It is now necessary to consider the hard facts of the situation by attempting to reconcile each of the proposed expenditure programmes with the anticipated total domestic resources which may be expected to accrue to each of the Governments concerned during this period. Without increased revenue, the recurrent budgetary position over the five-year period shows a substantial deficit for each Government. These deficits would be worsened if export prices fall below the projected levels which are themselves, in general, lower than present prices.

Table 6

£ million

Federal Government	Northern Region	Eastern Region	Western Region	Total
- 32.7	- 105.0	- 67.0	- 21.0	- 225.7

(See, however, Table 9)

11. In the following paragraphs the proposals submitted by each Government will be examined in some detail, the anticipated 'gap'

between resources and expenditure will be discussed, and various suggestions put forward by which the gap may be closed at least partially. Before so doing, however, it is as well to draw attention to the danger of being too sanguine about the prospects of receiving external aid to cover the budget deficits as well as the total capital requirements. It cannot be stressed too highly that the lasting impact of any development programme must ultimately be dependent upon the extent to which a country is prepared to accept sacrifices in mobilising its own domestic resources. Foreign aid provides only a temporary and partial substitute for the total effort required.

12. It is clearly undesirable that any Government should be put into a position where the day-to-day running of its business can be jeopardised by the decision of another Government to withhold funds for recurrent expenses. It should be accepted as a principle that Nigeria should be able to run her day-to-day business without depending on external aid.

13. It is now necessary to consider the terms and conditions under which it may be expected that foreign aid would be forthcoming. Firstly, all external assistance organisations require to be fully satisfied of the availability of administrative and executive capacity to carry out the programme. Secondly, they require to be assured that the plan is fully co-ordinated and reflects the essential development needs of the country. Thirdly, the foreign aid complement to any programme may vary within certain limits, dependent upon the individual items within the programme. Insofar as recurrent expenditure is concerned it is generally accepted that Governments must accept the full cost of meeting their programmes. Only in the case of education and, to a lesser extent, health, may there be some relaxation of this rule whereby a part of the recurrent expenditure generated by a particular programme may be met temporarily by external assistance. But it must be clearly understood that, even in these cases, the recurrent costs will have to be fully taken over by the Governments concerned

within a limited period. The extent to which foreign aid may be anticipated to cover capital works programmes is less definite. Certainly, however, in considering the overall limits of a programme it is reasonable to proceed on the assumption that foreign aid would be provided to cover not more than 50% of the proposed expenditure. Under particular circumstances this figure might prove higher but a figure of 70% would undoubtedly be very optimistic. Should a large proportion of any aid forthcoming be in the form of conventional loans, it would certainly impose an excessive demand for debt-servicing upon Nigeria's overall balance of payments position. (See Appendix IV) When later in this paper, the magnitude of the gap is discussed, consideration will be given to the permissible aggregate for the National programme assuming variations in the foreign aid complement of between 40% and 70%. However, it is strongly recommended that the Council should adopt a conservative approach when considering the overall limit which should be set to the National programme.

14. The magnitude of the various plans will therefore be limited not so much by the level of foreign aid but rather by the ability of the Governments, both singly and jointly, to raise internal resources to the highest possible level and to ensure that the programmes as finally put forward are practical and feasible both from the point of view of executive capacity and phasing.

FEDERAL GOVERNMENT

15. Turning to the Federal Government proposals it has already been explained that the total proposed expenditure, excluding self-financing items, amounts to £724.0 million, of which capital expenditure is £342.0 and recurrent expenditure is estimated at £381 million. Assuming no changes in the present rate of customs tariffs, taxation, etc., the total anticipated revenue from all sources is estimated at £348 million. Under these circumstances there would thus be a cumulative recurrent budget deficit of £33 million.

16. An assessment of the possible increase in resources under the control of the Federal Government indicates a maximum of £105 million during the five year period. It will be necessary for the Federal Government to give early consideration to the practicability of measures to raise this amount. To the extent that this increase is derived from increased import and excise duties there would be a corresponding increase in Regional revenues.

17. Assuming that the Federal Government finds it practicable to increase its domestic resources to roughly the magnitude indicated it would be possible to cover its total recurrent expenditure programme and make £72.7 million available for the capital programme. If, further, it is assumed that overall there will be underspending of 15% on the capital programme and of 5% in recurrent costs then the sum which would be required from external sources to finance the programme would be £199.7 million or 68.5% of the aggregate proposal for capital expenditure.

NORTHERN REGION

18. The Northern Region had originally indicated that its capital programme, including a development corporation of substantial proportions would require £109.5 million and total recurrent cost could be £225.3 million. Revenues were only £132.3 million including £17.2 million new taxes.

19. Since the receipt of the Northern Region's first planning document it is understood that, excluding the development corporation, a reduction of 20% in the capital programme is considered feasible by reducing costs without eliminating any project. In addition it is considered possible to save about £20.3 million recurrent expenses without impairing any service. These proposals are not expected to affect revenues. On this basis the capital programme becomes £92.1 million and recurrent expenses become £190 million.

Note:-

It is uncertain at the time of writing whether the recent increase of the produce sales taxes on groundnuts and cotton by 50% is already included in the above Northern Regional estimates.

20. If, as in the case of the Federal Government underspending of 15% on the capital programme and 5% on recurrent costs may be assumed, the programmes would reduce to £78.3 million capital and £180.5 recurrent. This still remains quite beyond the financial capacity of the Northern Region Government even if all of the capital requirements were financed from external sources. It is suggested therefore that early consideration be given to the following points by the Northern Regional authorities when revising their programme:-

- (a) Underspending on the approved capital programme was 20% in 1959-60 and 37% in 1960-61, the actual expenditure being £6.93 million and £6.73 million respectively. The proposed programme anticipated an average expenditure of £15.7 million over each of the five years.
- (b) Taking into account the recent reduction in port prices and buying allowances for groundnuts and cotton which have been made by the Northern Region Marketing Board, it is estimated that at present world market prices the Board will make a profit on groundnuts but will continue to lose money on cotton sales. If the F.A.O. and I.B.R.D. projected long-run prices prevail it is estimated that substantial losses will be incurred if present producer prices are maintained. Substantial reductions in Marketing Board prices will have to be made therefore, if savings for development are to be realised. It is understood that this question is receiving active consideration by the Northern Region authorities.

21. Even under the most favourable circumstances therefore, and assuming the reduction in the capital programme and concomitant recurrent expenditure mentioned above, it will clearly be necessary to effect further drastic reductions in the Northern Region programme and, at the same time, to increase domestic resources.

22. The Eastern Region programme raises similar difficulties. Capital expenditure amounts to £76.72 million, the total requirements being built up as follows:-

Table 7

Capital Programme	£76.72 million
Recurrent expenditure arising from the programme	£47.20
Additional debt service	£12.87
Deficit before Development Expenditure	<u>£6.93</u>
	<u>£143.72 million</u>

23. Compared with this the only income expected from previous as well as new development schemes amounts to £3.5 million. Some additional revenue will arise from the broadcasting and television services. Careful consideration will, therefore, have to be given to reducing the size of the Eastern Region programme and simultaneously to raising domestic resources. The following points are submitted for consideration by the Eastern Region authorities:-

- (a) Nearly 44 per cent of the recurrent budget is at present devoted to education. Expenditure on grants-in-aid alone in the plan period is estimated at £46.9 million or 31% of the total recurrent expenditure in the period. It is, therefore, suggested that early consideration should be given to ways and means of rationalising education expenditure.
- (b) Consideration will have to be given to ways and means of raising Government revenues from Regional sources by additional direct and indirect taxes.
- (c) Consideration will have to be given also to possibilities of making substantial reductions in Marketing Board prices if savings for development are to be realised.

24. It is suggested that the Eastern Region should consider raising through various devices enough sums to cover all deficits

On current account. The additional sum required to cover the full proposed recurrent programme is £67.0 million. If in fact the development programme was drastically reduced, concomitant recurrent expenditure and debt servicing would be proportionately reduced. It is suggested, therefore, that the Eastern Region authorities should now give very early consideration to the ways and means by which it can mobilise an additional £20.6 million over the five-year period by increased taxes and by reduction in expenditure. If this sum can be realised then a modified programme of the following order could probably be managed:-

Table 8

Deficit before Development Expenditure	£6.93
Recurrent expenditure arising from the programme	£4.05
Additional Debt Service	£1.32
Contribution to Capital Programme	£8.33
	<u>£20.63</u>

These calculations have been made by the Economic Planning Unit on the assumption that it might prove feasible to adopt the following measures:-

- (a) Transfer the anticipated expenditure of £10.06 million for establishing plantations from the recurrent to the capital budget.
- (b) Deletion of all proposed expenditure to implement the Ashby Report proposals.
- (c) Selective reductions in the capital works programme of the order of £18.3 million giving a corresponding reduction of £3.9 million in recurrent expenditure.
- (d) The above figures do not take into consideration any additional revenue which might accrue to the Eastern Region if the Federal Government were to agree to increase customs duties.

WESTERN REGION

25. The Western Regional picture presents a different problem.

It is anticipated that the whole of the recurrent expenditure can be met and that in addition £29.0 million can be raised, primarily from Marketing Board revenue, towards the total estimated capital programme of £96.3 million. In considering these figures the following points require to be borne in mind:-

(a) Recent underspending suggests that it is unlikely that the total capital programme would be achieved, this particularly as the plan contains provision of £20 million for credit facilities (including £15 million for large scale industries) for which details have not been provided and a further £5 million for service facilities, the details of which have yet to be worked out. It would seem prudent therefore, to allow for a 15% underspending giving a total capital programme of £82 million.

(b) The Western Region anticipates a total tax revenue of £105 million over the period. This, however, is a conservative estimate. Assuming underspending of 5% on recurrent expenditure, the deficit would be reduced and the total amount which could be made available for the capital programme without any increase in taxation would be £35.3 million.

7 | (c) Marketing Board profits of £40 million are estimated depending upon certain price and output projections. It is suggested that this figure receive careful consideration.

NATIONAL PROGRAMME

26. From the overall picture certain conclusions emerge. First, for all Governments reductions in the programme are imperative. Furthermore, even to achieve a reduced programme will require considerable sacrifices. The tax burden involved in meeting merely the recurrent cost of the programme as originally submitted would be so large that no increase in the per capita standard of living could be achieved during the Plan period. Every possible source of internal revenue will have to be tapped to achieve even

a drastically cut programme. In addition, stability of wage rates and prices must be maintained.

27. Whilst the general conclusions in the preceding paragraphs are inescapable, it is possible to offer a more detailed picture of the expected overall situation. To do so, it is necessary to examine closely the gap between revenue and expenditure which might be expected even if only a part of the programme is to be implemented. In considering the originally proposed programme and taking into account only those additional domestic resources which may be anticipated with confidence the position would be as follows:-

Table 9

PROGRAMME SUBMITTED BY GOVERNMENTS BEFORE REVISION

	<u>Projected Capital Expenditure</u>	<u>Total Proposed Recurrent Expenditure including Capital Repayment</u>	<u>Expected Revenue from all Present Sources</u>	<u>Expected Additional Resources (Taxes, Marketing Boards, Internal Borrowings)</u>	<u>Expected Deficit</u>	
					<u>Before</u>	<u>After</u>
					<u>New Revenue</u>	<u>New Revenue</u>
Federal Government	343.0	381.0	348.3	105.0	575.7	270.7
Northern Region	109.3	225.3	115.1	17.5	219.5	202.0
Eastern Region (not including Ashby proposals)	70.8	154.2	107.7		117.3	117.3
Western Region	96.3	135.0	105.0	50.4	126.3	76.2
<u>Total</u>	619.4	895.5	676.1	172.6	838.8	666.2

Except in the case of the Federal Government these figures do not take into account the mobilisation for domestic investment of external reserves under the control of the Regional Governments and their agencies.

In earlier paragraphs a number of suggestions have been made by which Governments might effect reductions in their programmes and, at the same time, mobilize additional resources. If these various suggestions were accepted then the amounts which could be made available as the contributions towards the capital programmes would be:-

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Table 10

£ million				
Federal	Northern Region	Eastern Region	Western Region	Total
90.5	25.0	8.3	35.3	159.1

Note:- The figure quoted for the Northern Region is an arbitrary assumption pending the receipt of further details.

28. In paragraph 13 the possible foreign aid complement to capital works programmes has been discussed and it has been suggested that this might vary between 40% and 70% depending upon the nature and content of the programmes. It has, however, been stressed that to expect assistance of up to 70% of the total cost would be highly optimistic. On the basis of the contributions which Governments might be prepared to make available towards this capital programme, the following table illustrates the permissible maximum programme which could be achieved assuming various rates of foreign aid.

	Federal	Northern Region	Eastern Region	Western Region	Total
Domestic Resources Available	90.5	25.0	8.3	35.3	159.1
Permissible Total Capital Programme assuming foreign aid contribution at					
i) 40%	150.9	41.7	14.0	60.5	267.1
ii) 50%	181.0	50.0	16.6	70.6	318.2
iii) 60%	226.3	62.5	20.8	88.2	397.8
iv) 70%	301.5	83.3	27.7	117.7	530.2

29. Before the various Planning Units can now proceed to prepare detailed revised plans, the following questions require immediate determination:-

(a) Each Government must decide the level of taxation and other domestic resources it is willing to raise. Ultimately the size of the programme will be determined by the level of domestic resources.

(b) A decision by the Federal Government on the extent, if any, by which the proposed increase in its resources is to be derived from additional customs duties. As was mentioned in paragraph 15, Regional Governments would also benefit from such increases and would thus be in a position either to reduce the amount of additional local taxation proposed or to increase the sum available as the contribution to their capital programmes.

- (c) The Council's guidance is sought on the proportion of foreign aid contribution which should be assumed. In this connection it is strongly recommended that a moderately conservative approach should be adopted. It would obviously be preferable to be able to insert new items into an agreed programme than to have to inform the public that projects must be abandoned.

30. Once decisions on these points have been reached it will be possible for revised draft programmes to be formulated for each Government within the upper limit fixed for its capital expenditure. In preparing the revised programmes it is recommended that as great an emphasis as possible should be given to those projects which will ensure an early and high rate of economic growth and in particular top priority should be accorded to agriculture, industry and technical training. The Eastern Region has already accepted this order of priority. In preparing these programmes, Governments should have regard to the effect on the recurrent budget of reductions in capital expenditure on various types of projects. Appendix III to this memorandum shows the comparative anticipated affect in the case of reductions in various sectors of the Federal programme. These figures illustrate the necessity for ensuring that the maximum possible reductions should be effected in the field of general administration (which is largely made up by defence and police expenditures) and that social overhead projects must be sacrificed in favour of projects with a high growth effect. If the composition of capital expenditure is not shifted in this direction, there is a grave danger that Nigeria may find itself with inadequate resources to finance a Second National Plan and to meet the recurrent cost generated by the First National Plan.

31. Before concluding this review, there remains certain further points of principle which must be put to the Council. These are as follows:

- 17
- (a) It is recommended that as far as is reasonably possible the cost of certain services should be borne by the people directly benefitting from such service. Particular examples of this arise in the case of telephones and postal services, radio and television, roads and water supplies.
- (b) It is further recommended that the foreign exchange situation be kept under continuous review and that a broad review of Nigeria's import policy be undertaken to avoid balance of payments crises. Steps should be taken to discourage the flow of imports which are unnecessary to the growth of the economy by the imposition of selective high tariffs.
- (c) Among the resources available for further investment are the cash reserves and profits of statutory corporations and from the direct investments made by Government. It is recommended that the maximum possible use be made of these resources.
- (d) At the present time Governments and their agencies have a number of investments in enterprises. Consideration should be given to the sale of as much of these holdings as is possible to private Nigerian Investors. By this means the flow of resources will be increased.
- (e) Each of the Regional programmes includes substantial provision for investment in large-scale industrial development. Details of the particular proposals are uncertain. It is recommended that careful consideration should be given to all proposed schemes to ensure that these fit into the overall picture of the national economy, and that investments should be ^{restricted to} those categories which will contribute substantially to the overall growth of the economy [by providing a high ratio of economic return].

- (f) The rate of growth of the economy depends upon both the total amount of investment and its allocation among different sectors. It is estimated that a total investment of £1,000 million is necessary to achieve a growth rate of the economy of slightly more than 4%. The adjusted capital programme, assuming a 60% foreign aid complement, together with the self financed projects of statutory Corporations provides for approximately £450 million. Therefore £550 million must be forthcoming from the private sector. Even if only the present rate of private investment, both domestic and foreign, is maintained, £500 million of private investment may be expected during the plan period. In order to maintain the existing rate of growth of the economy an additional £50 million of private investment would be required provided that this were biased in favour of high growth investments according to present estimates. It is recommended that serious study be given to the measures by which the required level of total private investment could be induced in the required directions and to implementation of these measures.
- (g) It is recommended that Governments should accept the principle that recourse will not be had to expenditure beyond available resources from taxation, public and private savings, the agreed increase in the fiduciary issue and the available foreign aid implement. Spending beyond this limit will inevitably raise costs and prices, lead to balance of payments difficulties, and result in distortion in the Development Plan.
- (h) It has been represented that substantial reductions might be effected in the capital costs of construction by such means as stricter implementation of P.W.D.

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rules, improved design and adequate phasing of building programmes. Such reductions would permit creation of additional real assets within the financial requirements required to achieve the proposed programme. Therefore, it is recommended that Governments be urged to give early and objective consideration to the suggestions for achieving such reductions.

- WN is already doing this
- (i) Substantial savings would be possible if the present staff housing policies were carefully reviewed. It is recommended that Governments be urged to give early consideration to this question.
 - (j) It is recommended that ^{each Govt should} ~~an expert~~ Commission be set ^{it} ~~up to~~ undertake a thorough review of Government expenditure policies at all levels and to make ^{for work a new 10} ~~recommendations on~~ measures by which economies may be achieved and all unnecessary expenditure avoided.

32. The Council is therefore now invited to:-

- 60% ✓
- ✓ (a) Note the progress made in preparing the draft Development Plan, 1962-67.
 - (ii) Determine the proportion of foreign aid contribution which should be assumed.
 - (iii) Urge all Governments to give a very early decision on the level of taxation and other domestic resources it is prepared to raise.
 - (iv) Recommend to each of the Governments that those items finally selected for inclusion in their programmes should emphasise to the highest possible degree projects providing maximum economic returns, particularly in the fields of ✓ agriculture, industry and technical training.
 - (v) Consider the various points raised in paragraph 31 above and urge that Governments accept these proposals.

- (vi) Urge upon all Governments the necessity to ensure that their decision on all questions raised above should be communicated at the earliest possible date to their respective planning organisations in order to permit the preparations of the final draft Plan in time for incorporation in the 1962-63 Budgets.

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- (vi) Urge upon all Governments the necessity to ensure that their decision on all questions raised above should be communicated at the earliest possible date to their respective planning organisations in order to permit the preparations of the final draft Plan in time for incorporation in the 1962-63 Budgets.

APPENDIX I

THE NATIONAL PLAN - FIRST DRAFT - 1962-66

TOTAL INVESTMENT, INCLUDING SELF-FINANCING - £000.

	<u>FEDERAL</u> <u>GOVERN-</u> <u>MENT</u>	<u>NORTHERN</u> <u>REGION</u>	<u>EASTERN</u> <u>REGION</u>	<u>WESTERN</u> <u>REGION</u>	<u>TOTAL</u>	<u>%</u>
I. <u>Primary Production</u>						
Agriculture	1962	11,874	17,348	16,493	47,677	
Fisheries	885	272	153	143	1,453	
Forestry	498	951	153	95	1,697	
Veterinary, Animal Health	322	6,254	797	708	8,081	
Niger Delta Development Board	2,323		*)	*)	2,323	
<u>Total</u>	<u>5,990</u>	<u>19,351</u>	<u>18,451</u>	<u>17,439</u>	<u>61,231</u>	<u>9.1</u>
II. <u>Trade and Industry</u>	<u>11,332</u>	<u>10,717</u>	<u>14,569</u>	<u>24,440</u>	<u>61,058</u>	<u>9.0</u>
III. <u>Electricity</u>	<u>97,422</u>	<u>1,500</u>	<u>1,000</u>	<u>2,000</u>	<u>101,922</u>	<u>15.1</u>
IV. <u>Transport System</u>						
Roads and Bridges	35,382	24,519	10,000	7,000	76,901	
Inland Waterways	3,571	0	100	100	3,771	
Nigeria Railways	20,171				20,171	
Nigeria Ports Authority	17,786				17,786	
Civil Aviation	6,849				6,849	
Marine and Coastal Division, Koko	757				757	
Escravos	6,820				6,820	
Nigeria Airways	6,467				6,467	
Nigeria National Line	7,400				7,400	
<u>Total</u>	<u>105,203</u>	<u>24,519</u>	<u>10,100</u>	<u>7,100</u>	<u>146,922</u>	<u>21.7</u>
V. <u>Communications</u>	<u>29,591</u>				<u>29,591</u>	<u>4.4</u>
VI. <u>Water and Other Irrigation</u>						
Urban	1,863	7,000	3,581	7,500	19,944	
Rural	0	*)	7,957	3,103	11,060	
<u>Total</u>	<u>1,863</u>	<u>7,000</u>	<u>11,538</u>	<u>10,603</u>	<u>31,004</u>	<u>4.6</u>
VII. <u>Education</u>						
Primary	3,267			800		
Secondary	1,825			2,300		
Technical	1,485			1,550		
Teacher Training	781			2,890		
Universities	10,160			5,000		
Grants to Regions	8,957			0	8,957	
Scholarships	5,490			0		
Institutes of Administration	200	50	284	0	534	
Other	1,289			310		
<u>Total</u>	<u>33,454</u>	<u>29,176</u>	<u>7,663</u>	<u>12,850</u>	<u>83,143</u>	<u>12.3</u>

*) = Expenditures in the Niger Delta included with agriculture.

*) = Included with agriculture.

*) = Breakdown of expenditure. Includes Ashby Report proposals.

Appendix I

The National Plan - First Draft - 1962-1966 (Continued)

Total Investment, Including Self-Financing - £000.

	FEDERAL GOVERN- MENT	NORTHERN REGION	EASTERN REGION	WESTERN REGION	TOTAL	%
VIII. <u>Health</u>						
Hospitals, including U.C.H.	11,646		3,312			
Preventive Schemes	915		123			
Rural Health	0		791			
Sewerage	1,565		0			
Other	1,988		453			
<u>Total</u>	<u>16,114</u>	<u>7,634</u>	<u>4,679</u>	<u>1,636</u>	<u>30,063</u>	<u>4.4</u>
XI. <u>Town and Country Planning</u>						
Residential Estates	0	1,000	2,602	4,780	8,382	
L.E.D.B.	14,759				14,759	
Mortgage Finance	1,830	2,000	500	3,500 /)	7,830	
L.T.C.	1,843				1,843	
Rural Development				1,500	1,500	
Kanc Civic Centre, etc.		230			230	
Independence Layout			2,000		2,000	
Staff Housing		500		1,000	1,500	
Other	1,500 ø)	681			2,181	
Victoria Beach Wall	4,500				4,500	
<u>Total</u>	<u>24,432</u>	<u>4,411</u>	<u>5,102</u>	<u>10,780</u>	<u>44,725</u>	<u>6.6</u>
X. <u>Social Welfare</u>						
Fire Service			361	500	861	
Libraries		287	179	10	476	
Sports Facilities	1,200	740	507		2,447	
Service Facilities*				5,000	5,000	
Other <i>Authorities</i>	1,201	1,743 ø	280		3,224	
<u>Total</u>	<u>2,401</u>	<u>2,770</u>	<u>1,327</u>	<u>5,510</u>	<u>12,008</u>	<u>1.8</u>
XI. <u>Information</u>	12,951	1,593	830	773	6,147	0.9
XII. <u>Judicial</u>	272	40	485	442	1,239	.2
XIII. <u>General Government</u> (including Police and Defence)	58,985	555	367	1,144	61,021	9.0
XIV. <u>Financial Obligations</u>	3,875	0	500	1,600	5,975	0.9
XV. <u>GRAND TOTAL</u>	393,885	109,266	76,611	96,287	676,049	100.0

ø = Includes Building Society

/ = Includes £1.5 million for co-operative Bank

* = Not further specified

ø = Including £1.350 million co-operative society and £116,000 co-operative training facilities

APPENDIX II

THE NATIONAL PLAN - FIRST DRAFT - 1962-1966.

FINANCING REQUIREMENTS ONLY - £000.

	Federal Government	%	Northern Region	%	Eastern Region	%	Western Region	%	Total	Percentage Distribution
I. Primary Production	5,990	1.7	19,351	17.7	18,451	26.2	17,439	18.1	61,231	9.9
II. Trade and Industry	11,332	3.3	10,717	9.8	14,569	20.6	24,440	25.4	61,058	9.8
III. Electricity	68,140	19.9	1,500	1.4	1,000	1.4	2,000	2.1	72,640	11.7
IV. Transport System	86,597	25.3	24,519	22.4	10,100	14.4	7,100	7.3	128,316	20.7
V. Communications	29,591	8.6	0		0		0		29,591	4.8
VI. Water, Other than Irrigation	1,863	0.5	7,000	6.4	11,538	16.5	10,603	11.0	31,004	5.0
VII. Education	33,454	9.8	29,176	26.8	1,708 ^(a)	2.4	12,850	13.3	77,188	12.5
VIII. Health	16,114	4.7	7,634	7.0	4,679	6.6	1,636	1.7	30,063	4.9
IX. Town and Country Planning	21,286	6.2	4,411	4.0	5,102	7.2	10,780	11.2	41,579	6.7
X. Social Welfare	2,401	0.7	2,770	2.5	1,327	1.9	5,510	5.7	12,008	1.9
XI. Information	2,951	0.9	1,593	1.5	830	1.2	773	0.8	6,147	1.0
XII. Judicial	272	0.1	40		485	0.7	442	0.5	1,239	0.2
XIII. General Government	58,985	17.2	555	.5	367	0.5	1,114	1.2	61,021	9.9
XIV. Financial Obligations	3,875	1.1	0		500	0.7	1,600	1.7	5,975	1.0
(a) Grand Total	342,851	100.0	109,266	100.0	70,656	100.0	96,287	100.0	619,016	100.0
(b) Projected Deficit without new taxes	33,600		105,200		46,500		21,000		206,300	
(c) Financing Requirements including deficits	376,451		214,466		117,156		117,287		825,360	

Note:- (a) Excludes Ashby Report proposals

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APPENDIX III
FEDERAL MINISTRY PROGRAMME ONLY

	£000		
	Capital Expenditure Proposed	Additional Recurrent Expenses Generated	1£ of capital expenditure leads to ...£ of recurrent expenditure
Development	104,755	11,677	.11 = approx. 2/-
Social Overhead	71,508	20,788	.29 = approx. 6/-
Administration	55,254	22,768	.41 = approx. 8/-

APPENDIX IV WILL BE SENT TO YOU IN DUE COURSE

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SECRET

EPC(61)30

19th November, 1961.

ECONOMIC PLANNING COMMITTEE

Implications of the First National Development Plan,
1962-67.

Note by the Secretary

Previous Reference: EPC(61)28.

Attached is a Note by the Secretary to the National Economic Council, pointing to the flexible nature of the projections made in the memorandum submitted by the Joint Planning Committee on the above named subject (NEC(61)11, issued to members under cover of EPC(61)28), and undertaking to issue a revised memorandum if substantially revised figures become available before the National Economic Council Meeting. It is also suggested in the Note that the next National Economic Council Meeting be held during the first week of February to consider the revised version of the Plan.

2. Members are invited to note.

Secretary,
Economic Planning Committee.

Ministry of Economic Planning
and Community Development,
Western Nigeria,
I B A D A N.

(S.MEP.28/23/Vol.III).

SECRET

SECRET

NEC(61)12

8th November, 1961.

NATIONAL ECONOMIC COUNCIL

IMPLICATIONS FOR THE FIRST NATIONAL DEVELOPMENT PLAN, 1962-67

Note by the Secretary

In Memorandum NEC(61)11 which the Council is to consider at its meeting of the 28th November, attention is drawn to the fact that Governments are now reconsidering certain aspects of the proposals submitted for incorporation in the first draft of the National Development Plan. In particular, figures of proposed expenditure and anticipated domestic resources are being re-examined.

2. Members of the Council will wish to note that, in the event of substantially revised figures being received by the Federal Ministry of Economic Development in reasonable time before the meeting, every effort will be made to issue a revised memorandum containing the latest information.

3. When discussing the various points raised by the memorandum, the Council will also wish to consider the question of timing. In view of the very great pressure which work in connection with the Plan has imposed and will continue to impose on Ministries and Departments, it is requested that as long a period as is reasonably possible be available to permit the preparation of the final draft. To this end it is therefore suggested that the Council should meet during the first week of February to consider the revised version of the Plan, together with the draft document which is to be prepared for presentation to Parliaments and the Public. It is further suggested that in this particular case the Council be prepared to accept a slight relaxation in the normal rule whereby all papers for its consideration should issue at least three weeks before the meeting.

November, 1961.

ECONOMIC PLANNING COMMITTEE.

Financial Assistance to the Regions by the Federal Government. *Planning Targets.*

Note by the Secretary

Previous Reference: EPC(61)28.

Further to my Note referred to above, the Committee is invited to recommend that the National Economic Council should:

- (a) direct regarding the size of overall National Plan (£X million);
- (b) should advise Governments of the criteria to be adopted in order to ensure that the Plans of the four governments fit into the agreed overall total referred to in (a) above;
- (c) should give an indication of the proportion of Foreign Aid to be assumed; (£Y million);
- (d) should direct the Joint Planning Committee to advise regarding ways and means of raising local resources to fill the gap between $\text{£}(X - Y) - \text{£}Z$, where £Z million is available revenue from existing resources;

2. The following criteria are suggested in respect of 1(b) above:-

- ✓ (i) each Government should be able to finance the recurrent expenditure of its own capital budget;
- ✓ (ii) but that the Northern Region should have a subvention for a determined portion of its recurrent expenditure, say, Education and Health.
- ✓ (iii) also that the cost of Ashby should be lifted out of all the Development Plans and be borne by a subvention from common funds.

3. Members may wish to note that an assumed 60% Foreign Aid component may not mean Foreign Assistance to the tune of 60% of a particular's Government's Plan. How much each Government will get directly will depend on how much Foreign Aid is directly tied to projects in that Government's Plan. What additional foreign aid element each Government receive depends upon how the untied

balance is agreed to be allocated.

4. Members may wish to note that the Western Region Planning Unit has, more recently found it necessary to revise its assumptions for the calculation of its anticipated financial resources. The new assumptions, namely;

- (a) a Marketing Board break-even figure of between £140 and £133 per ton of cocoa;
- (b) cocoa production figure of 178,000 rising by 5% per annum;
- (c) average world price of £160 per ton of cocoa;

mean that where originally we had anticipated that £40 million will come from the Marketing Board, that figure must now be corrected to read £27 million. (vide paragraph 11.17 of Western Region Draft 1962/67 Development Plan). This is the same revision which produced a recurrent deficit of £21 million, in place of the original anticipated surplus of £5 million.

5. Recalculating the table at the bottom of paragraph 28 of the National Economic Council memorandum on the basis of these new assumptions, the position for the Western Region will now become:-

(a) Domestic Resources Available £16.1 million.

(b) Permissible Total Capital

Programme assuming

Foreign Aid

Contribution:-

(i)	at 40%	£26.3 million
(ii)	at 50%	£32.2 million
(iii)	at 60%	£40 million
(iv)	at 70%	£53.3 million.

Upon this our revised basis, the position for all four Governments will be that on an assumed foreign aid component of 60%, the size of the various Plans will be:-

(1)	Federal Government	=	£226.3 million
	as against a proposal of	=	£343 million
(ii)	Northern Region	=	£62.5 million
	as against a proposal of	=	£109.3 million
(iii)	Eastern Region	=	£20.8 million
	as against a proposal of	=	£86.7 million (excluding Ashby).
(iv)	Western Region	=	£40 million
	as against a proposal of	=	£96.3 million.

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SECRET

NEC(62)2

3rd February, 1962

NATIONAL ECONOMIC COUNCIL

FUTURE PLANNING TARGETS

Memorandum by the Secretary

--- I circulate herewith 9 chapters of the Draft
White Paper on the National Development Plan. Chapter 6 and
the appendices will follow.

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Nigeria may be aptly described as a rich country where poor people live. The country was, no doubt, even poorer in the past - until as recently as a decade ago - but a significant amount of economic growth has taken place during the last ten years in particular. Nevertheless, it is true to say that nature's rich endowment - in the shape of the country's lands, rivers, its underground 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. With wisdom in the framing of the country's policies and discipline and dedication on the part of everyone in their execution, there is no reason why this endowment of nature cannot be developed to support a continual improvement in the people's living standards. It is on the basis of this faith that this - the first National Six-Year Plan for the economic development of Nigeria - is evolved and presented jointly by the Federal and Regional Governments of Nigeria.

2. It is not the expectation of the Governments of Nigeria that this stupendous job could all be accomplished within the space of one Six-Year Plan; nor is it claimed that we know at present the answers to all the questions or solutions to all the problems that lie ahead of us. It is important that Nigerians should use their own best judgment and counsel in all these matters and that they should have prominently before them at all times the ultimate goal of economic independence. But it is also important that they benefit from and accept assistance in men and materials to supplement their own best efforts so to mobilise and develop the country's resources so as to accelerate the rate of its economic growth and advance the time when the country may become self-reliant. It is the perspective of this faith in our resources, human and material, and hope in the sincerity of those willing to assist us, that we embark on this

/adventure

adventure of a planned development of our still undeveloped country.

3. Looking back on the decade that has just closed, the growth of Nigeria's economy during these years is not without achievements that are significant for our future plans. Their accomplishment, however, was in part due to a combination of favourable circumstances which is unlikely to recur in the future. This means that we may have to put forth a far greater effort to achieve the objectives before us than would have been necessary under a more favourable economic climate.

4. During the early fifties, the world was developing rapidly and there was a great demand for raw materials, food and the luxuries which it had been forced to forego during the years of world conflict. All primary producing countries, and particularly those which had not been in the main theatres of war and which had maintained stability and peace, benefitted from this demand through rapidly expanding markets and high prices.

5. At the same time, the traditional suppliers of manufactured goods were re-constructing their economies and were unable for several years to supply both capital and consumer goods. The combination of a rapidly expanding demand for Nigeria's products and the inability of the traditional suppliers to make imports available contributed to the rapid increase in earnings from agricultural exports and to the ability of Nigeria to accumulate large sterling reserves.

6. During the coming decade also, there is reason to expect that the forces making for expansion in the world economy will remain strong: all countries in the world are determined to grow and to develop. Even the most advanced countries have set before themselves ambitious goals for economic growth. At the same time, however, the supply situation has fundamentally

/changed.

changed. The countries devastated by war have, with some exceptions, not only recovered but have themselves become exporters of raw materials on an even larger scale than before. The markets for these materials have thus become much more competitive and prices are therefore likely to be less favourable than in the past. Against this less favourable trend is the possibility that Nigeria can now increasingly look to a larger number of foreign countries than before, not only for her markets but also for her supplies of capital as well as consumer goods.

7. The combination of factors outlined above, which are not peculiar to Nigeria, would suggest that the developing nations will have to husband their resources more carefully than in the past and that they need to make a conscious effort to remain competitive in world markets.

What is Development Planning?

8. In no country in the world is economic and social development free from some form of deliberate effort to speed up the process. Governments everywhere play a vigorous role in shaping the design of a nation's economic development. In some countries the role of government is all-pervading and directly and extensively interferes with the lives of the people. In other countries, the influence of government is limited to policy measures within which all economic and other actions take place and which provide the stimulus to such actions. Every society, however, has the aim of involving all its members in the process of organising economic growth and is faced with the problem of how this might best be done. In the free society of Nigeria, this involvement should take place at all levels and through a wide variety of forms; from the provision of health services and schools to the provision of credit for agriculture and industry; from technical training to the training of businessmen and the promotion of scientific research. Unless the people of Nigeria as a whole are enthusiastically behind and directly

/involved

involved in the National Plan and, unless a strong private sector also develops as a complement to the efforts in the government sector, the Plan objectives will be difficult to achieve. In order to embrace all the people, and all activities, policies designed to stimulate economic growth in the private sector, therefore, form an integral and important part of the Plan. They require the training of manpower, the institution of appropriate commercial and industrial legislation, the formulation and implantation of fiscal and monetary policies.

9. The basic objective of planning in Nigeria is not merely to accelerate the rate of economic growth and the rate at which the level of living of the population can be raised; it is also to give her an increasing measure of control over her own destiny. The present first National Plan is therefore seen as the first in a series which will bring Nigeria to the 'take-off' stage. This means that within a reasonable period of time, Nigeria should be in a position to generate from a diversified economy, sufficient income and savings of its own to finance a steady rate of growth with no more dependence on external sources for capital or manpower than is usual to obtain through the natural incentives of international commerce. This means also that it will by then be possible to have established at optimum efficiency the institutions, procedures, basic facilities and essential industries which will make such growth possible. This does not, however, mean that Nigeria forgets for a moment that she is a member of the family of nations - indeed the growth of the Nigerian economy is essential complement to the growth of the expanding world economy and world trade - but it does mean that increasingly she intends to develop her economy so as to be less and less dependent upon such external factors of development as foreign financial and technical assistance, the behaviour of foreign private investment, and sudden changes in the prices of her primary export products.

10. Until that stage is reached, however, Nigeria will continue to need and indeed welcome, foreign capital and skills.

11. The Plan presented here envisages the harnessing of all resources for economic growth. This means, firstly, the direct execution of a number of capital projects by the Governments of the Federation, Statutory Corporations, and the numerous local and native authorities. It means, secondly, the partnership of the Federal and Regional Governments not only with each other but also with private business, both Nigerian and foreign, in carrying out important projects. It means, thirdly, the provision of essential services which normally appear in the recurrent rather than in the capital budget, not only to farmers and businessmen in particular, but also the people at large. Apart from the maintenance of law and order essential to any form of progress, outstanding examples are the provision of advisory services to businessmen, the day-to-day activities of the Agricultural, Forestry and Veterinary Departments. All of these are 'development' in the full sense of the word, even though they are not part of the proposed capital expenditures. Fourthly, but by no means of least importance, the plan also wishes to ensure the proper formulation and efficient carrying out of policies which will stimulate the development of private business.

12. Recognizing that the level of living inevitably depends primarily on the productivity of the people, the plan seeks to expand and improve the productive machinery of the country. This requires that a substantial amount of the resources available be used for this purpose rather than for immediate consumption. It follows, therefore, that measures to mobilise domestic resources both through the government and through private business must have high priority. By the standards of developing countries, Nigeria has saved in the past a substantial portion of her total product for investment. She has also obtained in addition foreign resources to supplement her domestic savings. The Plan envisages that the total savings by Nigeria as well as the resources made available from abroad by international institutions, by foreign governments and by private business, will continue to increase in future as well.

13. But the Plan recognises that it is a mistake to believe that 'development' merely implies increasing savings and investments and putting roads, dams and factories into place. Spending money by itself will not raise the level of living unless it is spent wisely and economically. It can equally well cause stagnation and a reduction in the rate of growth if the investment once made must be supported by excessive subsidies. For this reason, every proposal for capital expenditure by Governments in this Plan has been scrutinised to ensure that the result of the investment will be an increase and not a decrease in the total amount of resources. Profits, which are a measure of the increase, should not, of course, be reckoned in strictly commercial terms but rather in the light of economic returns which allow for repercussions in the economy and for the direct as well as the indirect benefits to the people. Efforts have, therefore, been made to organise a proper allocation of resources which is as essential to achieve the Plan goals as is the total amount. It is for this reason that the greatest emphasis has been placed upon the expansion of agriculture, both for exports and for domestic use, upon industries and upon technical training. As these sectors expand, they will provide the means for faster growth in the future and the provision of increased direct benefits to the population.

14. More specifically, the proper allocation of resources to those projects and to those sectors of the economy which promote a high rate of growth is vital to provide the rapidly increasing opportunities for employment which the growing population of Nigeria deserves. Programmes which require subsidies, whether direct or indirect, to sustain them impose a burden upon the community as a whole and consume resources, human and financial, which could otherwise be used for productive investment and therefore to provide even more employment opportunities. A prime objective of economic planning is therefore to ensure that subsidies, whatever form they may take, are limited to the minimum compatible with social justice and the evolution of a

nascent economy. This means in effect that conscious attempts will be made to limit subsidies wherever possible to those groups of people who are unable to pay for services essential to their well-being and to those other areas, primarily in the field of Education and Social Services, where it is both undesirable and impracticable for the beneficiary to bear the full cost. However, even in these fields, the greatest care will be taken not to waste resources. Costs will be reduced by whatever means are practicable and the means by which improvements are to be effected in the standards of education and health have been carefully scrutinised to ensure that they achieve their objectives in the most efficient way possible.

15. Governments may govern, economists may plan, administrators may organise, but ultimately the execution of all plans, no matter how well designed and intentioned, depends upon the response of the people themselves. The Plan can give a sense of purpose, direction and urgency; it must establish priorities and overall magnitudes; it must co-ordinate the activity of Government in relation to the overall objectives. But its ultimate success will depend not so much upon these factors as upon the involvement of the people and the willingness of men and women in all walks of life in Government and in private business to dedicate themselves to the common purpose.

16. It is not given to man to foretell the future. By its very nature, development planning cannot be an exact science, since plans must be drawn up in the light not only of past experience and present circumstances, which are known factors, but also in the light of assumptions concerning the future - assumptions concerning world market prices, the pace of technological advance, the availability of capital and of manpower, trends in agricultural output and so forth. The assumptions underlying the preparation of this First National Development Plan have been based on the firmest evidence available, but the future may show many of these to have been mistaken. The prices for
/Nigeria's

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Nigeria's exports may be more or less favourable than seems likely at present. New technologies may emerge, new markets may spring up and old markets be lost, and new sources of potential wealth be discovered.

17. The Plan therefore has been conceived not as a law akin to that of the Medes and Persians, but rather as a flexible instrument. Flexibility, however, cannot be equated with arbitrariness. The Programmes of the four Governments within the Plan and the projects within those Programmes themselves will be constantly evaluated and refined in the light of achievements, prospects and the changing pattern of needs and resources. But the ultimate goal of all development - the raising of the level of living and the acceleration of growth throughout the economy - can be achieved only if the overall Plan priorities are observed. Particular projects may be discarded or curtailed, whilst others may be added or expanded. This is not important. In fact, the Governments recognise it would be a disaster to adhere rigidly to all details of the Plan now presented, for in the light of changing circumstances some projects now properly included may well be seen not to contribute to the achievement of rapid growth.

18. This then is the aim of the First National Development Plan - to give a sense of direction to the economy, a sense of priorities and urgency and to enlist the support and co-operation of all sections of the community to work for a better future - their own future.

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CHAPTER 2.

REVIEW OF PAST DEVELOPMENTS

(a) Previous Development Planning.

The first attempt at any form of development planning in Nigeria was made in 1945 when the Colonial Office requested the local administration to submit ten-year development plans to guide the allocation of Colonial Development and Welfare Funds. This resulted in the "Ten Year Plan of Development and Welfare for Nigeria 1946". In 1951 this was followed by a Revised Plan covering the five year period 1951-56.

2. It must be frankly admitted that these were not 'plans' in the true sense of the word. More accurately, they constituted a series of projects which had not been co-ordinated or related to any overall economic target. Many of the individual schemes proposed no more than an expansion of existing normal departmental activities and, in large measure, the schemes aimed at building up the social as much as the economic services.

3. The main emphasis in these Plans was confined to building up the transport and communications systems. Whilst this in itself was understandable under the circumstances of the time, little provision was made for industrial development whilst, in the agricultural sector, attention was concentrated on a limited range of export crops.

4. One major ^{error} [redacted] which was frequently permitted was that entirely new and unrelated projects were readily substituted for the original programmes. The justification given was 'flexibility'. This arose because no firm economic targets had been fixed when preparing the Plans. The net effect was that, by the end of the plan period, the results bore little, if any, relationship to the original programmes.

5. The next major effort to plan for Nigeria's future was made in 1953 when the International Bank was invited to send an economic mission to Nigeria. The Bank's report was published in 1955 and the 1955-60 economic programmes followed in large measure the recommendations contained in the report. Consideration of this report coincided very closely, however, with constitutional changes under which each Region became autonomous in its own sphere. Understandably perhaps, each Government jealously guarded its own rights and obligations arising from the new Constitution. From the point of view of planning, however, this was inevitably an unsatisfactory situation since it resulted in five separate development programmes (including one for the then Southern Cameroons). Although each of these programmes presented in itself a much greater degree of integration and greater emphasis was placed upon economic

considerations than before, there was necessarily considerable overlapping and wasted effort. No economic targets were - or could be - fixed for the country as a whole and, although the National Economic Council was established late in 1955 to permit the various Governments to discuss development policies and common economic problems, the programmes had already been formulated by that time. This fact, combined with the relative isolation in which Government programmes were conceived and executed and the infrequent meetings of the Council, meant that although much useful work was achieved on certain specific subjects the problem of reformulating plans to fit into the picture of the overall future of the Nigerian economy could not be undertaken. It must be recognised however, that the Federal Government's responsibility for the provision of public utility services such as electricity, telephones, railways and main trunk roads, imposed a certain cohesiveness on the overall picture. To this should be added also the consideration that the distinct export crop economies of the three regions fitted naturally into some kind of pattern in the agricultural sector.

6. It is against this background that the production of this, the First National Plan, must be viewed. It is believed that the planning mistakes of earlier years have been identified and a major effort has been made to ensure the maximum possible integration of all the Governments' programmes. Equally important has been the acceptance by all the Governments of the Federation to design their Programmes to contribute to the achievement of the National targets fixed for the Plan. This implies firstly, that Governments will ensure that such changes as may become necessary from time to time in their Programmes will be made only after careful examination of their effect not only upon the individual Government's programme but also upon the National Plan as a whole. Secondly, whilst flexibility within the Plan will itself be both necessary and desirable, this must be interpreted within the terms of the agreed overall priorities.

(b) Summary in National Income terms, 1950-1960.

7. Total production in Nigeria, over the decade 1959 to 1960 has on the average grown by approximately 4% per year in real terms. This high rate of growth was largely due to the circumstances obtaining over the period and which have already been discussed in Chapter 1; prices for Nigeria's exports rose rapidly and the demand was bouyant.

8. Virtually all sectors of the economy developed rapidly. The quantity of agricultural production grew by 30% - more than enough to offset the estimated rise of between 2% and 2½% per annum in the population. Manufacturing industries, though still small in absolute terms, increased about five-fold and construction more than trebled. The supply of electricity and urban and rural water quadrupled.

9. The growth was not evenly spaced: its variations depended, naturally, upon the fortune of the agricultural sector, which in turn was dependant upon weather conditions and the prices received in the world markets. Nevertheless, the growth of agricultural production both for export and domestic consumption, was impressive.
10. During this period, the amount of private consumption increased with the Gross Domestic Product. The proportion of the Gross Domestic Product devoted to private consumption remained at about 87% until 1957 but since that time has declined to about 84%.
11. At the same time, however, the tendency towards an increasing private savings ratio was offset by a rise Government Consumption which, for 1960, is estimated at about 7 $\frac{1}{2}$ % of Gross Domestic Product compared to 3 $\frac{1}{2}$ % for 1950. This rise was largely due to the cost of the Government Services necessary to support the expanding economic activity and to provide for better living conditions. During the period a relatively constant nine-tenths of the total product was therefore used for consumption purposes, while 10% was saved and thus became available for expansion of the productive capacity of the Nation. Investments at the same time grew from about 7% of Gross Domestic Product in 1950 to just over 10% in 1955, and to about 14% in 1960.
12. During the period, exports and imports rose significantly. For the first half of the decade, the value of exports exceeded the value of imports substantially and thus permitted the accumulation of foreign assets which, during the second half, were used in part to finance investment and consumption within Nigeria.⁽¹⁾ The difference between domestic savings and domestic investment was made up by drawing down previously accumulated sterling reserves as well as by private and public capital inflows.⁽²⁾

(c) Development of the Private Sector.

13. It has always been the aim of Government policy⁽³⁾ to stimulate the vigorous growth of the private sector. Of particular

(1) See paragraph 2 and 3, Chapter 1.

(2) The detailed figures are summarised in the table, appended to this Chapter. Further details are to be found in the National Accounts of Nigeria, "1950-57" by Doctor P. N. C. Okigbo.

(3) A more detailed description of Governments' aims in regard to the private sector is to be found in Chapter 10.

interest is the development of manufacturing production over the period.

Table I Gross Product of Manufacturing in
constant 1957 prices (1)
£'000

	1950	1954	1957	1960	Percentage increase 1950-1960
Total manufacturing production -	3129.3	6474.0	10924.7	15650.0	398
Bakeries	19.0	66.0	210.0	316.0	1,550
Oil Milling	363.6	356.9	2161.6	2610.0	618
Margarine	2.5	12.0	18.2	18.2	630
Beer and Soft Drinks	275.9	741.1	1683.7	2800.0	911
Tobacco	1395.8	2226.4	2100.6	2190.0	57
Textiles	4.5	50.0	377.0	613.0	1,3500
Rubber Processing	19.5	137.8	594.8	1378.0	7080
Tanning	5.9	16.7	39.2	40.5	586
Saw Milling	498.7	1304.4	1531.4	1800.0	261
Cement	0.0	0.0	372.4	1160.0	-

Spectacular though these increases are, it must not be overlooked that in absolute terms they still represent only an insignificant proportion of Gross Domestic Product.

(1) "National Accounts of Nigeria 1950-57" by Dr. P. N. C. Okigbo; Estimates of Economic Planning Unit, Federal Ministry of Economic Development.

14. The private sector has continued to expand vigorously. Gross Investment by major companies, which in 1954 was estimated at £11.7 million, had risen by 1959/60 to £20.5 million. The investments of other enterprises as well as personal investments are estimated to have reached more than £52 million for 1960 compared with £31 million in 1954. This expansion was undoubtedly due to the considerable effort by the Federal and Regional Governments to furnish the Nigerian economy with the basic services which a successful private sector requires.

15. The major developments were of course, in agricultural production, particularly in the production of major export crops which are shown in Table III. The increase in production for local consumption is shown in the following table, and it will be observed that although the rise was less than that for export it was nevertheless of the order of 50% over the seven years, 1950-1957.

Table II Crops grown primarily for Domestic Use
Million tons⁽¹⁾

		1950 Production	1957 Production
Root crops	Yams	6.63	6.69
	Cassava	3.61	4.66
	Cocoyams	0.60	0.67
	Guinea-corn	1.38	2.14
Cereals:-	Millet	0.92	1.79
	Maize	0.47	0.66
	Rice	0.19	0.26
Kolanuts		0.08	0.11
Beans		0.07	0.23
Other Food Crops ⁽²⁾		0.76	5.00

Unfortunately no reliable estimates exist for years later than 1957, but there is no doubt that production, particularly of rice, groundnuts and a number of other food crops, has continued to increase since 1957.

(1) "National Accounts of Nigeria, 1950-57" by Dr. P. N. C. Okigbo. No later estimates available.

(2) Potatoes, sweet potatoes, peper, melons vegetables and acha.

(d) Growth of Major Exports.

16. The value of merchandise exports has grown continuously, though with fluctuations, from £88.5 million in 1950, to £160.9 million in 1960. The value of exports reflects, of course, both changes in the prices of export products as well as their quantities.

17. It is important therefore, to consider both the value as well as the volume of individual export products. The following table summarises the position for major export over the period.

Table III

Major Export Products, 1950-60.

	Volume (tons.000)		Value (£m.)	
	1950	1960	1950	1960
Cocoa (a)	100	180	19	35
Palm Kernels (a)	420	420	16.5	25
Groundnuts (a)	143	619	15.2	22.0
Palm Oil (a)	167	197	12.1	13.2
Benniseed (a)	9	27.5	0.7	1.8
Cotton (a)	42	151	3.0	5.9
Petroleum (b)	Nil	847	Nil	4.4
Sawn Timber (.000 c. feet)	548	2,000	0.22	1.1
Timber Logs (,000 c. feet)	9,218	22,000	2.2	5.9
Rubber	13.7	58.0	2.8	14.2

(a) Purchase by Marketing Boards for the marketing years 1950-51 and 1960-61 for both export and domestic use. Export values refer to calendar years.

(b) Exports in 1958 were 245,000 tons.

(e) Growth of Major Imports.

18. The rapid development of the economy was reflected in a faster increase in imports than of exports which after 1954 changed the balance of trade from an export to an import surplus. The composition of imports changed slightly with increasing development and the growth of individual incomes. Particular examples of changing tastes and the rising level of consumption of the Nigerian people are demonstrated by a five-fold increase in the imports of sugar and flour between 1950 and 1960 and an

almost ten-fold increase in the import of fish. On the other hand, the growth of domestic manufacturing was partly reflected in a decline of cigarette imports from 549 million pieces in 1950 to 61 million pieces in 1959, though by 1960 imports had increased again to 111 million for a variety of other reasons.

19. Similarly, the increase in domestic manufacturing of grey baft resulted in the decline of imports from 33.8 million square yards in 1955 to 7.12 million square yards in 1959. By 1960 however, imports had further reduced to 6.63 million square yards. The development of construction and other investment has led to an increase in imports of over half a million tons of cement, despite the rise in domestic production, and to the import of more than 1000,000 tons of steel products.

(f) Expansion of Government Services.

20. In earlier paragraphs, mention has already been made of the expansion of public services which provided the necessary facilities for the rapid growth of the private sector of the economy. The following table illustrates the build up in major services over the period.

Table IV

	1950	1960
Mileage of roads maintained by Governments		
(a) Bitumenised	1,025	5,267
(b) Unsurfaced	27,021	41,494
Number of Telephones in service	7,760	38,690
Electricity output million KWH	61.1	448.3
Expenditure on Health and Medical Services (£ m.) (Capital and Recurrent)	2.2	10.8
Expenditure on Education (£ m.) (Capital and Recurrent)	3.1	26.3
Railway Cargo handled (m. ton miles)	711	1,250
Port Cargo handled (m. ton)	3.16	7.31

21. It is against this background of a reasonably rapid expansion achieved under favourable circumstances, that the objectives and targets of the First National Plan must be considered.

TABLE 2. 2

GROSS DOMESTIC PRODUCT BY CATEGORY OF EXPENDITURE AT 1957 PRICES

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Consumers' expenditure	609.4	650.2	695.9	717.3	774.6	805.5	798.9	815.5	830.0	830.0	870.0
Government expenditure on goods and services	24.0	26.8	33.5	29.9	31.2	45.5	43.8	47.6	56.7	70.0	77.0
Gross Fixed Investment in Nigeria	48.4	59.7	75.0	79.9	92.9	102.6	108.0	113.0	122.3	136.7	158.0
Increase in Marketing Boards' stocks	- 7.3	6.3	1.5	- 0.1	- 6.2	4.6	- 4.8	9.1	- 0.3	n.a.	n.a.
Plus Exports (f.o.b.)	99.9	93.6	111.7	114.8	131.9	126.9	138.5	129.1	144.0	163.0	171.0
Final Expenditure	774.4	836.6	917.6	941.8	1024.4	1085.1	1084.4	1114.3	1163.2	1208.9	1276.0
Less Imports (c.i.f.)	75.1	82.6	108.3	114.1	131.6	163.3	180.9	175.6	182.0	212.0	253.0
Gross Domestic Product at market price	699.3	754.0	809.3	827.7	892.8	921.8	903.5	938.7	970.7	987.7	1023.0
Consumers' Expenditure as % of G.D.P.	87.1%	86.2%	86.0%	86.7%	86.8%	87.4%	88.4%	86.9%	85.5%	84.0%	85.0%
Government expenditure on goods and services as % of G.D.P.	3.4%	3.6%	4.1%	3.6%	3.5%	4.9%	4.8%	5.1%	5.8%	7.1%	7.5%
Gross Fixed Investment in Nigeria	6.9%	7.9%	9.3%	9.7%	10.4%	11.1%	12.0%	12.0%	12.6%	13.8%	15.4%

n.a. - Not Available

Sources:- "The National Accounts of Nigeria, 1950-57" by Dr. P.N.C. Okigbo;
Federal Office of Statistics;
Economic Planning Unit, Federal Ministry of Economic Development.

PROBLEMS AND POTENTIALS FOR DEVELOPMENTI PROBLEMS(a) Agriculture

Agriculture in the economy of Nigeria is, paradoxically enough, a basis of its present strength as well as an area of many of its weaknesses. Of the gross domestic product of Nigeria, agriculture accounted for 56.7 per cent. in 1960 thus emphasising its enormous importance and yet the development of agriculture in relation to its potential, especially in such areas as livestock, arable farming, horticulture, etc. is very limited.

2. The shortcomings of Nigerian agriculture are several. Traditional farming and systems of land tenure inhibit an extensive use of land for farming. ~~The lack of~~ implements such as are available even to relatively backward farmers in other parts of the world are virtually unknown to the Nigerian farmer. Irrigation has been little used to increase the output of land. Soil surveys and classifications, the use of fertilisers and knowledge of the rotation of crops, could enhance considerably the better utilisation of land. Agricultural research and marketing facilities are developed only in a limited way and are confined mainly to the area of export crops. Credit facilities where available rarely find their way down to the individual farmer.

3. Since traditional agriculture is subject to these various limitations, its rate of growth has been generally low and this in turn hampers the overall growth rate of the economy. The task of modernising this traditional sector is formidable as millions of individual farmers have to be taught and skills must be imparted to them through improved extension and other services across the country. A whole network of facilities for

49 research, extension, seed distribution, credit, storage and marketing arrangements would require to be developed.

4. Even though export crops are diversified considering Nigeria as a whole, the economy of each Region is dominated by one or two crops. Vicissitudes both in weather and world market prices therefore bring about periodical fluctuations in export earnings of particular Regions. Some of these crops face increasing competition in world markets and a consequent uncertainty as regards the fortunes of the farmers.

5. There is also need for considerable co-ordination of activities having a bearing on the growth of agriculture. The whole task of making a careful study on the one side of available potential and on the other of formulating a scheme of priorities for the development of agriculture constitutes therefore, at least as important a problem as that of the development of industries. The Governments have, therefore, requested the Food and Agricultural Organisation of the United Nations to make an intensive study of the country's agricultural potentials ^{which would enable the Govts} and to draw up a ^{revised} scheme of priorities for development. It is expected that this survey will be initiated during the first year of the Plan and its results may be expected to provide a basis for an integrated agricultural policy for implementation during the later years of the Plan period and the future.

(b) Industry

6. By comparison the growth of industry which is still in its infancy contributes only modestly to the Gross Domestic Product. The value of manufacturing production has risen from £3 million in 1950 to roughly £15 million in 1960, but this represented only 1.3 per cent. of G.D.P. The prospects for rapid development of industry are good considering that there is available a large market, a variety of raw materials, a plentiful and adaptable labour force, and abundant sources of power. The present emphasis /on

(d) Consumption Expenditures

9. It was stated earlier that total consumption expenditure as a percentage of G.D.P. remained almost constant over the last decade at 92 per cent. Yet private consumption (in constant market prices) has declined recently from 87 per cent. in 1955 to 84 per cent. in 1959, which indicates an increasing rate of private savings. This rate is among the highest achieved for under-developed countries. On the other hand, government consumption is increasing. Such a shift from private to public consumption is not uncommon in developing countries where the Governments' services require to be expanded to assume the larger responsibilities to execute development schemes. Nevertheless, it must be stressed that, despite the present rate of savings, only more savings (public and private) will increase the aggregate rate of investment. Governments are therefore faced with the dilemma to find ways and means to increase revenues while simultaneously encouraging private saving. It follows that every effort will be required to slow down the rate of growth of Government current expenditures by increased efficiency, cutting out waste and duplication. In addition, the pattern of government spending must be shifted into productive channels.
10. Total Consumer Expenditure in terms of 1957 prices has risen from an estimated £609.4 million in 1950 to £815.5 million in 1957, and £870 million in 1960. This represents an increase of 42 per cent. in ten years, or an annual compound rate of growth of 3.62 per cent. Within this category, there has been a relative shift towards increased spending on imported goods, fuel, light and services. This is an indication of the rapid shift in the consumption pattern which accompanies the growth of incomes generally. This increase has been on average about 6.25 per cent. over the last four years. This trend must be contained if the foreign exchange earnings are to be effectively used for purposes consistent with the Plan requirements.

on the training of technical skills and the economic rewards of work in industry provide an incentive to the emergence of a skilled labour force. There is a considerable deficiency at present, however, of high level manpower such as entrepreneurs, managers, supervisors and technologists. This represents the greatest impediment to rapid industrial growth. Today, the inflow of skilled manpower into Nigeria presents an even greater need than does that of capital.

7. Investment of domestic capital in industry is still very little developed, although foreign investments have been forthcoming to maintain a rate of investment in manufacturing and processing industries over the last six years of roughly £2.5 million per year, and in mining industries of £7.5 million per year. A number of foreign manufacturers have set up plants in Nigeria; but much of this investment is intended to safeguard their established markets. Nigerians themselves have shown an investment preference for trading, road transport, service industries and construction, where returns are relatively large and rapid, whilst not appearing to the investor to entail substantial risks. A major task during the coming Plan period will be to mobilise Nigerian capital and to encourage a shift into processing and manufacturing industries.

(c) Investment

8. In recent years it became apparent that an increasing rate of investment has been required to maintain a roughly constant growth rate. This reflects partly the preponderance of government investment that went into categories like transport, communications, health and education where the returns are low and appear, if at all, over a long period. Even the private investment in recent years has been concerned largely in construction, road transport and trade, which although highly profitable to those taking part, do not directly contribute to the productive capacity of the economy.

(e) Savings

11. During the last development period the gap between domestic savings and investment has been bridged partly by foreign investment and partly by a drawing down of Nigerian-owned sterling reserves. The disturbing aspect of this from the growth point of view, is not that foreign assets have been drawn down, but that they have been used to maintain consumption ratios at a constant level of over 90 per cent of Gross Domestic Product. This partial financing of consumption and investment out of past savings has helped to minimise the need for current domestic savings required to sustain investment and therefore growth at a given rate. During the Plan period, however, the need for increasing the savings rate will become clear because domestic saving must be increased by at least one quarter over the present level to sustain the contemplated growth rate of Gross Domestic Product at a little over 4 per cent. compound per annum.

(f) Balance of Payments

12. Although comprehensive data on balance of payments are still to be compiled, the trend over the first half of the last decade was one of favourable terms of trade and surpluses of exports over imports. Thereafter, import surpluses appeared and the terms of trade deteriorated as a result of declining export prices. When terms of trade were favourable, more imports could be purchased for a given volume of exports. This helped to reduce the savings effort required to finance a given volume of investments. Now that terms of trade are deteriorating - and may well further deteriorate - the savings effort needed to sustain the level of investment must be greater than ever before.

13. During the process of rapid and planned development, a surplus of real imports over exports is needed to sustain the planned levels of investment and consumption. Such a surplus cannot always be financed by a Country's own external assets and

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require to be supported by capital inflows from abroad in both the public and private sectors. Since Nigeria's sterling reserves which constitute a source of such external finance have been largely drawn down, foreign capital will be required to finance a substantial proportion of future import surpluses.

14. Nigeria will, of course, make every effort to increase her export earnings. Unfortunately, the world prices for her export goods depend not so much upon what happens to Nigerian supplies as upon world demand and world supplies. Until workable international commodity agreements to reduce the fluctuations in export prices and export earnings are arrived at, however, it would be dangerous for Nigeria to reduce her efforts to expand exports. Nigeria must therefore continue to attempt to diversify her export production and to increase the choice of her markets. Furthermore every effort must be made to remain competitive in international markets by improved methods of production and by the improved quality of exports. A lowering of the cost of production of export commodities by such means will keep Nigeria's place in world markets secure, while, at the same time, raising the income to the producer.

(g) Institutional Problems

15. The increasing rate and volume of investment in recent years provides evidence of an increased supply of capacity to carry out for development projects. However, this capacity is uneven between sectors of the economy and several types of manpower are still in extremely short supply. Generally, the Governments are able to command the capacity to carry out works in transport, power, communication and general construction. On the other hand, executive capacity in agriculture, industry and education have still to be multiplied. Similarly, the private sector can absorb capital in trade, transport and construction, but has to build up the skilled manpower requirements as an essential complement to increased investment in agriculture and industry.

16. Besides capital and manpower, planned development calls for the setting up of a legal and administrative framework and the establishment of institutions to facilitate the most effective mobilisation of community savings. Legislation in relation to company law in Nigeria, remains related to practice of a bygone age and a commission has therefore been appointed to recommend to Government a revised law more in keeping with Nigeria's requirements. Although facilities for commercial banking are reasonably adequate there is a shortage of Institutions specialising in the provision of long term capital for industry. Although the Stock Exchange has been established recently, its efficiency and effectiveness have to be augmented by the enlargement of the number of brokers, merchant bankers and similar auxiliary facilities as well as by a large increase in the number of companies prepared to seek a quotation for their stocks. For the mobilisation of community savings, facilities have to be extended into many rural areas in which they hardly exist at present and a network of rural and urban co-operative organisations for marketing, warehousing and such other activities need to be built up.

17. These then are the highlights of the problems existing in the economy to which the Plan must address itself.

II POTENTIALS

18. Notwithstanding the problems outlined above, the Plan aims at achieving a high rate of economic growth. This is because the Nigerian Governments are confident that this major step forward will be achieved, with the willing co-operation of all the peoples and the Governments of Nigeria.

19. The people of Nigeria have clearly demonstrated over the past years their ability to grasp and to apply new ideas and techniques for self improvement. Nigeria's emergence in the last few years into a virile and independent democracy nation has been

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accomplished with calm and dignity, itself a clear indication of the sense of responsibility and adaptability of its people. The expansion in agriculture and agricultural techniques such as have taken place, giving rise to new and increased exports; the introduction of industries during the past decade; the enormous increase in educational facilities, and the successes of young Nigerians abroad in many branches of learning, these serve as but a few of the examples of the ability of the people to adapt themselves quickly to new and changing requirements. But there is also another attribute which is necessary in the modern world and which will serve the Nigerian people in good stead during the coming years. The very material gains they have already accomplished in such a short space of time, will, it is certain, spur the Nigerians to further levels of hard work willingly undertaken. The Governments of Nigeria have, for these and other reasons, absolute confidence in the willingness and ability of the people to further the process of Nation building.

20. Farmers of Nigeria have made and will continue to make major contributions to development through the Marketing Boards in return for more stable prices and increasing opportunities. Many Nigerians have made enormous sacrifices to secure education for their children. It is a tradition in parts of the Country that the village or the clan will sponsor a Secondary School or a University student. Under-employed boys are prepared to pay large sums to learn a trade, a practice which incidentally, provides capital for small businesses. Even amongst the poorer sections of this community, the widespread desire for and possession of bicycles, radios and better houses is evidence of the desire to save for desired objectives. The Governments are thus seeking to harness the readiness of the individual to make sacrifices in the cause of development of the Nation and, by this means, to achieve better living standards for the people as a whole.

21. A notable point of strength is that, heretofore, development

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has been financed largely by Nigeria's own resources with a conservative financial system and budget surplusses. Thus, the Country embarks upon the First National Plan with a very small domestic and external debt. Furthermore, the Central Bank is firmly established and the stability of the Nigerian pound has won international acceptance. The growth of the stock exchange and capital and money market machinery in recent years is evidence of the basic strength of the economy.

22. As already stated, for many years to come, the economic strength of Nigeria will depend to a large extent upon the further development of her agriculture. Despite the rapidly growing population which, before the year 2000, should certainly exceed 70 million, there are still large areas of the country which remain to be opened up and developed. In one sense, the very low productivity of traditional agriculture becomes a boon in that the scope for improvement even within the limits of known knowledge is itself great. Nigerian farmers give ample evidence of an insatiable desire for education. Most importantly, they have responded effectively to economic incentives as when price differences were introduced to induce marketing of better quality palm oil and groundnuts, or the adoption of modern spraying of cocoa trees.

23. As with agriculture, considerable scope exists for the further expansion of meat and fish production. It is believed that new techniques in animal husbandry will serve to ensure not only that Nigeria can produce enough meat of good quality for its own population but that a growing export market will be developed. The Agricultural Survey, to which reference has been made earlier, will also investigate this possibility. As for fish, it is believed that there is a very great potential indeed.

24. There is no doubt that timber production can be developed considerably. Heretofore, efforts have concentrated on organising the forests and technical forest staffs. Many species have not
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been exploited, nor has efficient use of felled trees been explored. There is scope for increased utilisation to emphasis forest regeneration; shorter managed felling cycles, and the expansion of timber processing in Nigeria. The entire timber potential of the Delta area is virtually untapped, and prospects for wood pulp production are promising.

25. Comparatively little is known at the present time of the mineral wealth of Nigeria and vast areas have yet to be surveyed by geologists. Tin and columbite are already valuable exports, whilst known resources of limestone, lignite and iron ore will be used increasingly once the proposed steel mill comes into production. As for coal, proven deposits are sufficient to serve Nigeria's domestic requirements for the foreseeable future and there is scope for investigations to provide alternative uses for these reserves.

26. One of the major discoveries of recent years has been the major reserves of mineral oil which has already become one of Nigeria's important exports. Possibilities of further discoveries are promising and a series of licences have recently been issued for the exploration of areas of the sea-bed off Nigeria's coast.

27. The search for mineral oils has led to the discovery of large reserves of natural gas suitable for use as a fuel or raw material. Consideration is being given to the many potential uses such as the production of electricity and raw materials for fertilisers. Over the long range, there now exists a base for petro-chemical industries.

28. No discussion of Nigeria is complete without mention being made of its great rivers. Enormous sources of energy are flowing to waste and the Niger Dams project will provide the first step in harnessing this great power for the ultimate betterment of the people. The Niger Dam provides, in a way, the cornerstone upon

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which the Development Plan is based and it is perhaps fitting that this river, which has played such a momentous part in the history of the country, should now figure so outstandingly in this, its First National Development Plan.

29. In sum, therefore, Nigeria faces the task before her in a spirit of confidence grounded in the conviction of the ability of its people to give of their best in a changing world and in the underlying strength of the human and natural resources available. The potential has as yet hardly been touched at all, but the development proposed by this Plan will, it is believed, provide the first of a series of stages by which the human and natural resources will be brought into full productive use for the ultimate benefit of the people.

THE NATIONAL PLAN - GOALS AND OBJECTIVES(a) Statement of General Aims

Planning for economic development essentially means the attempt to effect by direct and indirect means the best possible allocation of resources for economic growth in order to reach the goals set by the people through their Governments. The goals are many and varied: the economy is to grow as fast as possible, but at least at the average rate of 3.6% compound which was achieved during the past 10 years; it is proposed to accelerate education of all kinds and at all levels; resources are to be shifted more and more into the enlargement of the directly productive capacity of the Nigerian economy; yet the level of living of the people is to rise and this involves not only increasing real income, but also providing more employment opportunities and better living conditions. The detailed aims of Governments are discussed in Chapters 6 to 9 dealing with the programmes of the Federal and Regional Governments, while general policies and measures designed to stimulate the private sector are outlined in Chapter 10.

2. Nigeria's economy is a mixed one. The Governments have taken an active part not only in providing the social overhead but also the basic economic services, such as electricity and ports. They also intend to participate in the operation of various industries, such as a steel plant and an oil refinery. The attitude of the Governments of the Federation, however, is entirely pragmatic and accepts the desirability of a mixed economy. However, the Governments are convinced that no amount of Government activity can effectively substitute the efforts of a broad based and progressive private sector.

3. The National Plan, therefore, consists of capital expenditure plans of the Governments; of day-to-day expenditure

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for development, particularly in the important fields of education and agriculture; of attempts by Government and private institutions to eliminate as quickly as possible lacunae in information about the Nigerian 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 overall priorities of the Plan, and, in general, to accelerate the growth of the private sector. Finally, it consists of overall monetary, fiscal and related policies which provide the framework for the other and more specific measures.

(b) General principles and priorities

4. The uncertainties of the future make it essential that any plan should remain flexible. The Governments of the Federation recognise this requirement. Nevertheless, they also recognise the importance of striving to reach the overall goals despite changes which may become necessary within their programmes.

5. In order to achieve a rapidly growing economy, the Governments accept the need both that savings are increased and that these savings are channelled into those investments which have the greatest growth potential. Furthermore, since the economy is a complicated network of inter-relationships, the indirect repercussions have been taken into account in evaluating the desirability of any proposed expenditure. Finally, the system adopted has been to ensure that the various proposals by Government are feasible and that these proposals are mutually consistent with the development of the private sector. The approach to this plan, therefore, has consisted firstly of ensuring the economic desirability and feasibility of projects, secondly of co-ordinating them as to size and timing to ensure their consistency and, thirdly, of comparing requirements with the availability of resources.

6. The alternatives with which the Governments have been faced have not been whether or not to build roads rather than factories, or whether to have education and health rather than agricultural or electrical power production and so forth. The choices before the Governments have been to decide how much of each production is desired, and when, in the light of alternative claims on scarce resources, the relative strength of desire for particular goods, and the relative cost. Efforts have been made to weigh the cost of providing more roads against the need for providing more schools, and the need for providing more school leavers through the expansion of agriculture and industry. In order to achieve the maximum amount of growth, each project has therefore been scrutinised in terms of its ability to achieve the target set and, in addition, in terms of its contribution towards the Plan goals.

7. In the Plan, the highest priority has been given to agriculture, industry and training of high and intermediate level manpower. It is realised that there is only a limited amount of capital which can at any one moment of time be put into the expansion of agriculture and the establishment of new industries. Much of the expenditure by Governments in agriculture and, to a smaller extent, in industry is necessarily in the form of the recurrent expenditure on extension services and supervision. In order to provide extension services and supervision, training is necessary and education for these activities is therefore of high priority. This is particularly true of technical education at various levels: training of extension workers, supervisors, foremen, technicians, administrators and managers. The extension of primary and secondary education has the double function of providing the informed electorate, without which a democratic state cannot survive and of providing a pool of school-leavers from which, subject to further training, the future managers, foremen, administrators and technicians are drawn.

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(c) Summary of Overall Objectives and Specific Targets

8. The general priorities and targets underlying the preparation of the Plan may therefore be defined more briefly as follows:-

- (i) To maintain the growth rate of the economy at 3.6% per year and if possible to increase this rate.
- (ii) To achieve this aim by investing 15% of the Gross National Product, and at the same endeavouring to raise the per capita consumption by about 1% per year.
- (iii) The achievement of self-sustaining growth not later than by the end of the third or fourth National Plan. This involves raising the domestic savings ratio from about 9.5% of G.D.P. in 1960/61 to about 15% or higher by 1975 and to sustain the bulk of domestic investment.
- (iv) The rapid development of opportunities in education, health and employment; and the improved access for all citizens to these opportunities. This includes the training of a greatly increased number of doctors, the provision of a greatly increased number of places for university students, the provision of primary education for a rapidly increasing proportion of children of school age, the expansion of hospital services commensurate with the ability of the economy to sustain them, etc.
- (v) The achievement of a modernised economy consistent with democratic, political, and social aspirations of the Nigerian people. This includes the achievement of a more equitable distribution of income both among

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people and among regions. It includes, more specifically:-

- the creation of more jobs and opportunities in non-agricultural occupations;
- the provision of advisory and training services to Nigerian businessmen to enable them to compete more effectively at home and abroad;
- the increase in the production of export crops through better seed distribution and more modern methods of cultivation as well as, in some instances, through the increase in the area under cultivation;
- the introduction of more modern agricultural methods through farm settlements, co-operative (nucleus) plantations, improved farm implements such as hydraulic hand presses for the expression of palm oil;
- the expansion of the installed capacity of electricity generation to 643 MW by 1968;
- the expansion of railway mileage by 293 miles remaining of the Bornu Extension; and an additional 14 Diesel Engines and 1485 wagons;
- the provision of 7 new docks in Lagos and Port Harcourt capable of handling 3.6 million tons;
- the expansion of the system of tarred roads to miles; and completion of the new Niger River bridge at Onitsha and Second Bridge in Lagos; and
- the expansion of cement capacity to not less than 980,000 tons per year.

(vi) To maintain a reasonable measure of stability through appropriate fiscal and monetary policies directed to promote the stability of the Nigerian pound and to avoid recourse to physical control as far as possible.

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(d) The Private Sector of the Economy

9. The private sector of the Nigerian economy has grown vigorously and it is the aim of the Governments to enable it to grow with increased vigour in the future. All the Governments have repeatedly stated that they welcome foreign private capital. At the same time, they are keenly aware of the obstacles which private Nigerian entrepreneurs face in the development of their businesses outside agriculture wholesale and retail trade and road transport. It is the intention of the Governments to enable Nigerian businessmen to control increasing portions of the Nigerian economy, not through nationalisation, but by the accelerated training of businessmen, the provision of advisory and training services, and the improved flow of capital and technical and market information.

(e) Nigeria in the World Economy

10. Nigeria is an open economy whose development depends to a high degree on her ability to pay for essential imports both of development goods and of those consumer goods required for a rising level of living and as incentives for increased production

11. Because the Nigerian economy depends so largely on the fortunes of its export sector, whose prices and outputs depend on weather and world markets, the balance of payments must be constantly watched. Monetary and fiscal measures will be the primary means of containing demand so that Nigeria does not lose the undoubted advantages of a free economy, which is one of her prime assets from the point of view both of domestic and foreign investment. In order to maintain internal price stability, the market must be adequately supplied with consumer goods - and where necessary imported consumer goods - until local industry can meet the demand. Nevertheless, it will be imperative to contain the increase in demand for imported consumer goods which is to be expected by selective fiscal and monetary measures. By

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this means it is hoped that it will be possible to avoid the need for physical controls such as import licensing and exchange control.

12. In order to ensure an adequate supply of imports, it is essential that Nigeria's economy is developed along the most efficient lines. This requires not only the efficient expansion of the traditional exports but the finding of new ones which fit into the growing and changing pattern of world demand.

13. At the same time, a diversification not only of exports but also of the domestic economy will enable Nigeria to adjust to economic changes from the outside and to make use of opportunities as they arise. This will, however, be the case only if domestic industries, which will in part take the place of imports, are efficient and competitive. In order that the economy remain competitive, highest priority is accorded not only to the development of the export sector but also to the maintenance of sound financial policies. All the Governments are mindful of the fact that inflation would hurt most those people least able to afford it without significantly increasing the resources available for development.

14. The Governments will continue to welcome the establishment of industries which will efficiently produce substitutes for essential imports as well as those which will serve to augment exports. In this connection, increased trade among African countries is accorded highest priority and possibilities are explored of establishing closer economic links with African countries.

(f) Flexibility and Co-ordination of the Plan

15. Each of the Governments has its constitutionally defined responsibilities and each of them has its full part to play in

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the implementation of the overall National Plan. The Plan must be translated into specific action through the formulation each year of the capital and recurrent budgets of each of the Governments. The formulation of these budgets will take into account not only past commitments, but also the lessons of the past and such new needs as arise. They will, of necessity, also take into account the changing pattern of available resources; nevertheless, it is the firm intention that the fundamental priorities of accelerating growth, providing employment and raising the level of living will be translated into the Government budgets. This process is indeed as essential as the formulation of the Plan itself.

16. The National Plan was envisaged as a Nationwide exercise involving all the Governments, every citizen of Nigeria and all the economic activities of the country. It was the aim of the Governments to produce not a mere capital budget, still less a combination of projects, but rather an internally consistent and coherent combination of economic policies, of activities both within the private sector and by the Governments themselves so as to give direction to, and accelerate the growth of, the Nigerian economy. The main aim was thus to provide that sense of general direction and that means by which the flow of resources into the most productive channel could be constantly watched, evaluated and allocated.

17. All the Governments are aware that it would be idle to claim complete success for this, their first real attempt at Development Planning. Nevertheless, by contrast to previous Development Programmes, the Plan itself, which has been drawn up in the closest collaboration at all levels, reflects a substantially greater degree of overall co-ordination. The Governments are united in their determination and endeavour to promote even closer collaboration and co-ordination in all the economic and financial policies and activities since, without

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such collaboration, not ^{only} also would the ultimate success of the Plan itself be placed in jeopardy, but meaningful national economic planning would be impracticable.

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THE NATIONAL PLAN - PROSPECTS
FOR THE NIGERIAN ECONOMY

The overall approach which the Governments of Nigeria have employed in formulating their plans has already been described. Before proceeding to a detailed description of the Programmes, it may be desirable to describe in overall terms the broad economic background against which this formulation has taken place. As the discussion is inevitably somewhat technical, it is considered useful to point out the purpose and limitations of this discussion⁽¹⁾.

2. It is inevitable that each Ministry and Statutory Corporation, in formulating its own plan, proceeds initially without full knowledge of the proposals and decisions in the plans of other Ministries or Statutory Corporations. Discussion of the prospects for the Nigerian economy in overall terms enables a broader view of the plans to be taken and helps to establish a view of their internal consistency. This also facilitates an examination whether the projections made for consumption, investment and balance of payments can be considered realistic and feasible.

3. A fully detailed description of the assumptions and procedures used to make the calculations are set forth in Appendix I to this Chapter. All projections have been made conservatively. For example, the First National Plan is designed to achieve an overall growth rate of the economy of

/4%

(1) The figures to be presented can, on the whole, be interpreted only as broad orders of magnitude. However, though the absolute level of the figures have a degree of uncertainty, only their broad inter-relationships are important and these, it is felt, are sustainable.

4% per year and, if possible, to exceed this rate. To realise this target, which is higher than the rate achieved by the majority of under-developed countries, it will be necessary for about 15% of the Gross Domestic Product to be allocated to gross investment. At the same time, it is expected that prices for Nigeria's exports will fall, and that an increasing outlay will be required to service foreign indebtedness. These last two factors will tend to slow down the expected rate of growth of the economy.

4. On the other hand, it is very likely that the projected rate of 15% of the Gross Domestic Product to be invested will be exceeded. The general economic policies of the Governments are designed to stimulate the private sector and it would be most unlikely if private investment were not to exceed the figures projected. To the extent to which this takes place, it would probably more than offset the anticipated deterioration in the terms of trade. It must therefore be understood that the figures projected for Gross Domestic Product, gross investment, balance of payments, government consumption and private consumption in this chapter are reasonably conservative.

Overall Picture

5. The projections which have been made assume that all prices except those for exports remain constant. Projected export prices have been arrived at after careful examination of long-run world market trends. All projections allow for the expected effects of the Development Programme and the foreseeable intentions of private business. Alternative projections made on the assumption that there will be some domestic price rises are set forth in paragraph 13.

6. In the past, the growth of the Nigerian economy has been achieved by accelerating the rate of investment. If the rate of investment is maintained at 15% of the Gross Domestic Product, it is expected that the Gross Domestic Product will rise from an estimated £1,112.5 million in 1960 to £1,430.8 million by 1967/68. However, this requires also that the investments are allocated to the greatest possible extent to those sectors of the economy which add directly to the productive capacity of the nation - that is if the priorities given to agriculture, industry and technical training are firmly adhered to - and, furthermore, that the expected import surpluses will be financed. Total Gross Fixed Investment to achieve this rise is estimated to be £1,117.1 million over the Plan period, to which another £22.9 million of inventory accumulation has to be added.

7. A point worthy of note in this connection is that the rise in the rate of investment in the past has not been matched by an equal rise in the rate of domestic savings. Since 1955, when the last Economic Programme was introduced, imports have increased faster than exports and have helped to maintain both a high rate of investment and a high rate of consumption. This implies that the past rate of investment was dependent upon supplementing current domestic savings by withdrawing some of the assets previously accumulated and, in addition, by an inflow of private capital.

8. The import surplus required to sustain the desired rate of investment and to allow for a small increase in per capita consumption is estimated at £506.3 million over the Plan period. This estimate allows for the cost of servicing external debt, a projected decrease in world market prices for export products, the anticipated increase

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in the volume of exports and imports, and the domestic production of import substitutes which are expected to become effective during the Plan period (a detailed discussion will be found in Annexure II). It is expected that, during the Plan period, the import gap will be financed by the mobilisation of Nigeria's remaining external reserves, by private capital inflows and by a substantial measure of foreign assistance in the form of loans and grants.

9. Government consumption in the National Income sense is defined internationally as that part of the recurrent expenditure of government required for personal emoluments and the day-to-day running of its services. It excludes investments out of recurrent expenditure but includes capital expenditure on Defence⁽¹⁾. In 1960/61, Government consumption has been approximately £85 million. The increase between 1960/61 and 1967/68 is expected to be 91%. The increase is induced in large measure by the greatly increased Government Capital Programme. It is expected that over the Plan period consumption expenditure of the four Governments of the Federation and of Local Government bodies will total £798.4 million.

10. Not all of this expenditure, however, will be used for purely administrative purposes. In particular, the recurrent expenses for agricultural extension and research, for industrial advisory services, and for the training of skilled manpower constitute a direct and significant contribution to development. Nevertheless, as Government consumption grows from 7.6% of Gross Domestic Product in 1960/61 and 11.3% in 1967/68, there must inevitably be a corresponding reduction in the resources available to the /other

(1) This definition follows United Nations procedure.

other sectors of the economy. All Governments are determined, therefore, to exercise the strictest possible economy in the running of the day-to-day affairs and to allocate as much as possible of their recurrent expenditures to those sectors which directly contribute to the growth of the economy.

11. On the basis of the expected growth of the economy, private consumption, which in 1960/61 was estimated at £922 million, will rise by almost 23% over 1960/61, averaging slightly more than 3% per year. Since the population of Nigeria is expanding at an estimated annual rate of between 2% and 2½%, the growth of private consumption will be slightly in excess of the growth of population, thus permitting the modest increase in the level of living postulated above in Chapter 4, paragraph . It is note-worthy, therefore, that because of the concerted effort for accelerated growth private consumption is expected to rise less quickly than Gross Domestic Product. Private consumption as a percentage of Gross Domestic Product will fall from 82.9% in 1960/61 to 79.3% in 1967/68. This implied rise in the Private Savings ratio will, however, be offset by increased government consumption and the combined amount of private and government consumption will therefore increase slightly from 90.5% in 1960/61 to 92% in 1962/63 and then decline gradually to 90.6% by 1967/68.

12. The import surplus which in 1960/61 accounted for 5.6% of the G.D.P., is expected to rise to 7.4% in 1962/63 and then to fall gradually, with one major reversal in 1966/67, to 5.9% in 1967/68. This reduction will be due to a combination of factors which relate both to increased exports and to substantial import substitutions, particularly after the oil refinery comes into operation in 1965/66.

13. Some degree of price rise may be inevitable in the future. If prices were to rise 1% per annum in both private and government consumption and only $\frac{1}{2}\%$ in Gross Fixed Investment and inventory accumulation, then the balance of payments gap to be financed would increase rapidly from the anticipated £506.3 million to £863.2 million. Even such a moderate price rise would, therefore, add over £356.9 million to the gap. The Governments intend, therefore, to maintain a strict watch on the balance of payments position and to adopt fiscal and monetary measures to ensure that the balance of payments gap will not widen unduly. The Governments realise that even such a comparatively small inflationary trend would also lead to undesirable distortions in the allocation of investments and in economic incentives.

Resources and the Size of the Plan

14. The resources required to meet government consumption, the government capital programmes and other government obligations (debt service and other transfer payments), are obtained from the following sources :-

- (a) taxation;
- (b) the internal resources of Statutory Corporations;
- (c) the drawing down of external reserves accumulated in earlier years;
- (d) the reserves and expected surpluses of Marketing Boards;
- (e) domestic borrowing; and
- (f) foreign loans and grants.

15. The resources required to finance private investment come from private domestic savings, in so far as they are not
/invested

invested in Government issues, reinvested profits and other internal resources of private corporations and additional private capital inflows from abroad. In addition, it is expected that Statutory Development Corporations will make loans to private businesses.

16. The total anticipated revenue and receipts over the period available to the four Governments and including the revenues derived by Statutory Corporations is estimated as £1,240.2 million. This figure is made up as follows :-

Table 5.1

Estimated Revenues from All Sources⁽¹⁾ - 1962/68

£ million

	Estimated Revenue from Existing Sources	Estimated Revenue ⁽²⁾ to be derived from Additional Sources	Total
Federal Government	428.5	232.2	660.7
Northern Region	140.5	55.6	196.1
Eastern Region	135.2	45.6	180.8
Western Region	130.2	72.4 ^{64.8}	202.6 ^{195.0}
T O T A L	834.4	405.8	1240.2

(1) Excludes revenues of Local Governments, which are estimated at £58.0 million for 1962-68.

(2) Includes internal resources of Statutory Corporations

17. The Governments of the Federation expect to receive approximately one-half of the cost of the capital programme in foreign loans and grants. They expect, therefore, to contribute about half the cost of the capital programme out of their own resources, in addition to meeting all recurrent expenditure commitments, with the possible exception of certain education and health expenditures which may also

qualify for external assistance. To determine the resources available for the capital programme, it has first been necessary to calculate the actual total recurrent expenditure to be borne by the Governments over the Plan period, including the recurrent expenditure arising from the capital programme. The internally raised resources will effectively determine the size of the Governments' capital programmes.

18. In considering this question, it has been assumed that some degree of underspending in the programmes will be inevitable. Over the past five years, underspending on the Governments' capital programmes has averaged 18.8%. In this Plan, underspending on recurrent expenditure programmes has been assumed at 5%. In the case of capital expenditure, it has been assumed at 5% and 10% for the Federal and Regional Programmes respectively. Whilst these assumptions may appear optimistic compared with previous experience, it is hoped that improved planning and executive capacity will enable Governments to reduce the degree of underspending. No underspending has been assumed in regard to the expenditures of Statutory Corporations.

19. The considerations outlined above make it possible to determine the actual and the budgetted sizes of the Plan. Total budgetted recurrent expenditures over the Plan period are estimated at £1,012.0 million before and £963.8 million after the anticipated shortfall. It follows, therefore, that Governments will be able to provide a total of £276.4 million towards the financing of the Plan.

20. The Planned capital expenditure amounts to £666 million before and £643.0 million after expected underspending. Foreign aid is expected to reach half of the latter sum, or £321.6 million. There remains, thus, an uncovered gap of £45.0 million. Either additional resources will have to be found, or the capital /programme

programme will have to be slightly reduced to adjust to this possible shortfall in resources.

21. Table 5.2 summarizes the financial position :-

Table 5.2

Sources and Uses of Funds for the Government
Capital Programmes, 1962/63 - 1967/68

£ million

	Federal Govt.	Western Region.	Eastern Region.	Northern Region.	Total Govt.
1. <u>Resources</u>					
(a) Existing Sources	428.5	130.2	135.2	140.5	834.4
(b) New Sources	232.2	72.4	45.6	55.6	405.8
Sub-total	660.7	202.6	180.8	196.1	1240.2
2. <u>Recurrent Expenditure</u>					
(a) Proposed	484.3	165.8	166.9	195.0*	1012.0
(b) Less Underspending	-24.3	- 5.8	- 8.3	- 9.8	- 48.2
Sub-total	460.0	160.0	158.6	185.2	963.8
3. Available for Capital Programme	200.7	42.6	22.2	10.9	276.4
4. Planned Capital Expenditure	407.0	85.3	76.0	97.7	666.0
5. Less Underspending	- 5.6	**	- 7.6	- 9.8	- 23.0
6. Requirement for Capital Programme	401.4	85.3	68.4	87.9	643.0
7. Available for Capital Programme	200.7	42.6	22.2	10.9	276.4
8. Gap	200.7	42.7	46.2	77.0	366.6
9. Assumed Foreign Aid	200.7	42.7	34.2	44.0	321.6
10. Uncovered Gap	-	-	-12.0	-33.0***	- 45.0

Notes :

- * Projected to increase at the rate of 12% per annum
- ** Underspending has already been estimated in budgetted figure of £85.3.
- *** It is expected that a substantial portion of this gap will be financed by capital generated by the use of Marketing Board funds allocated to the proposed Development Bank.

The Structure of the Plan

22. It has been continually stressed that the highest priorities in this Plan have been accorded to agriculture, industry and technical training. These priorities are reflected in the sectoral distribution of capital expenditure.

23. As is explained in paragraph 19 above, a total budgetted expenditure of £1,678.0 million is proposed, of which £1,012.0 million will be for the recurrent and £666.0 million will be for the capital programme. The sectoral distribution of capital expenditure compared with that for the 1955-61 Plan period will be as follows :-

Table 5.3

Distribution of Government Capital Programmes among Major Expenditure Categories, 1955-61 and 1962-68

	1955-61 Plan	1962-68 Plan
Development Expenditure	50.8%	70.8%
Social Overhead Expenditure	19.9%	21.3%
Administrative Expenditure	29.3%	7.9%

24. It is of particular interest to observe the major shift in emphasis which is to occur in those sectors which have been accorded highest priority. The following illustrates the position⁽¹⁾ :-

/Table 5.4

(1)

Table 5.6 appended to this Chapter provides the full sectoral breakdown of the 1962-68 National Economic Plan.

Table 5.4

Distribution of Government Capital Expenditure on
Areas of Major Emphasis, 1955-61 and 1962-68.

	1955-61 Plan		1962-68 Plan	
	Expenditure (£ million)	Percentage of Plan Expenditure	Expenditure (£ million)	Percentage of Plan Expenditure
Primary Production	8.7	3.7%	84.2	1311%
Trade and Industry	6.9	2.9%	81.2	12.7%
Education	18.8	8.0%	69.8	10.9%
T O T A L	34.4	14.6%	235.2	36.7%

These figures demonstrate that in the future the Governments of the Federation propose a far more dynamic approach to the problems with which they are faced in these fields.

Gross Investment in the Economy

Government Investment

25. As stated above in paragraph 6, total Gross Fixed Investment for the Plan period is expected to be £1,177.8 million (excluding Defence spending). The planned public capital investment by the Governments of the Federation, Statutory Corporations and Local Government bodies is estimated at £616.0 million over the Plan period. Total Government capital investment in the national income sense consists of £616.0 million in the Government capital programme and £135.3 million out of recurrent expenditure totalling capital formation in the public sector of £757.3 million⁽¹⁾. To achieve capital formation of 15% of Gross Domestic Product, it follows that gross private capital formation must be of the order of £419.8 million over the six-year period. If this takes place,

/the

1) It should be explained that "Government capital formation" includes that portion of recurrent expenditure which has not been included under Government consumption, but it excludes the substantial capital expenditures on Defence. (The details are to be found in Appendix I.)

the Governments will have provided 64% of the total gross investment and the private sector will provide 36%. This is a reversal of past proportions when the private sector was slightly larger than the public sector. This arises from the intention of the Governments to provide those basic services needed for a more vigorous growth of the private sector in future Plan periods. It should be noted that the increase in the share of capital formation undertaken by Government is due to a large extent to the expansion of investments by Statutory Corporations.

Private Investment

26. This reversal of the past proportions in the importance of the private and public sectors requires further comment. It will be observed that the private sector is required to invest about £70 million annually. This is no larger than the estimated investment in 1959/60. During that year, major companies contributed a little over £20 million to this total.

27. In the future, the contribution of major private companies is expected to grow substantially. Small Nigerian businesses are also expected to increase their investments. On the other hand, private building, particularly of housing in the smaller towns and rural areas, is expected to stay at the present level or possibly to decline.

28. The projected rate of private capital formation is, therefore, believed to be very conservative and will almost certainly be exceeded. It is expected that any shortfall in Government capital formation will be made up - or more than made up - by private investments, or that the projected rate of gross investments of 15% of G.D.P. is likely to be

maintained or even surpassed. To the extent to which private investment is due to an increased capital inflow, it will provide its own financing and will not lead to any balance of payments problems. In any case, whether financed from abroad or domestically, the projected rate of growth of the economy is likely to be maintained or possibly exceeded.

Private Capital Inflow.

29. Even if total private investment should remain nearly constant each year, it is anticipated that foreign private capital inflow will increase sharply. Of the total £419.8 million of required private capital formation, it is hoped that the foreign private capital inflow over the Plan period will be of the order of £200 million to sustain the required rate of growth and to finance the required import surplus. There is little precise information about the present rate of foreign private investment, but it is commonly estimated as being at least £10 to £20 million per year. Thus, the anticipated foreign private capital inflow over the Plan period represents an increase of 66 to 223% over present levels. The anticipated increase in foreign private investment constitutes one of the major challenges in implementing the Plan.

30. The anticipated inflow of private investment is consistent with the planned growth in domestic savings and especially public savings. The increase of domestic savings, almost all through public agencies, will leave correspondingly less for domestic private consumption and investment. Moreover, combined with foreign aid of £321.6 million, foreign private investment of at least £185 million is required to finance the anticipated import surplus of £506.3 million.

Exports and Imports

31. The export projections indicate that, despite substantial price declines, expected total exports, including re-exports, may be expected to rise from £164.9 million in 1960 to £239.4 million in 1967.

32. Nigeria has already developed a fairly diversified export economy. Seven major exports in 1960 - cocoa, palm kernels, groundnuts, rubber, palm oil, timber and tin - accounted for about three-quarters of the total value of exports. The development programme provides for a further rise in export production of these commodities. In addition, cotton lint and petroleum will become major foreign exchange earners. By 1967, petroleum is likely to have displaced cocoa as the single most important source of foreign exchange earnings and cotton will have become the fifth most important export.

33. Imports have grown rapidly in the past as National Income rose, and they are expected to continue to grow at a substantial rate. The projected rise above the 1960 level will be 31.8% in 1967. The changes may be summarized as follows :-

Table 5.5

Percentage Distribution of Imports

			%
	1954	1960	1967
Food, Drink and Tobacco	14.5	14.2	13.7
Mineral Fuels	4.9	4.4	1.4
Chemicals	4.2	5.7	7.2
Manufactured Articles classified by material	47.6	37.9	35.0
Machinery and Transport Equipment	17.5	24.3	29.3
Others	11.2	13.5	13.4

/Expected

Expected domestic production of high quality foodstuffs, of manufactured goods (paints, pharmaceuticals, soap, textiles, thread, tyres, tubes, and building materials), and of the refinery products will serve already established markets. These import substitutes will facilitate the shift in the pattern of imports away from consumption goods into development goods.

Balance of Payments

34. The anticipated exports and imports, together with receipts and payments for transport, insurance and debt, result in a balance of payments deficit of £506.3 million. Except for the resources needed for debt servicing, it is a measure of the resources available to the economy on the assumptions made in the Plan. The growing gap between the imports needed and the exports available to finance them is explained by the demand for an increasing volume of imports, the decline in export prices, and to the additional external debt payments engendered by the total capital investment programmes. The projected import surplus of £506.3 million will be financed by the anticipated foreign aid of £300-£321 million and foreign private capital inflow of £185-£200 million.

Debt and External Debt Payments

35. The proportion of equity or loans in foreign private investment of £185-£200 million cannot be known. It is anticipated, however, that this investment will, under certain assumptions, which are specified in Annexure II, increase external private debt payments during this Plan period from about £1.4 million in 1965/66 to £5.4 million by 1967/68. Over the Plan period, the private capital inflow will contribute to the growth of the Gross Domestic Product and to foreign exchange earnings. These advantages will far

/outweigh

outweigh the increased amount required to service the capital inflow.

36. Government debt from domestic sources is reflected in the Government recurrent expenditure programmes. New Government debt from external sources will be some part of the anticipated £300 million foreign aid.

37. The significance of external debt rests primarily on the level of debt repayments expected. Increasing debt charges reduce the resources left for discretionary allocation by Governments. It is commonly considered that the total acceptable level of foreign debt repayments should, as a rule, not exceed approximately 10% of the country's total export earnings. The expected level of new foreign public debt when combined with existing debt, generates a level of repayments that will probably fall within this permissible upper limit and will leave some margin for additional debt servicing. However, the upper limit will probably be reached by the last year of the Plan. This emphasises the need for the utmost caution in regard to the rates on which external finance is obtained and the need to obtain a large portion of this finance in the form of loans at low interest rates and grants. Unless, therefore, care is taken to ensure that Government and foreign private investment is made in such a manner as to raise Nigeria's export earnings and to lead to efficient import substitutions, balance of payments difficulties will arise during the Second Plan period.

Table 5.6

NATIONAL PLAN - SECTORAL BREAKDOWN

£'000

	Federal	Northern Region	Eastern Region.	Western Region.	Total	Percentage Distribution
I Primary Production	20,869	22,494	30,300	17,442	91,105	13.7
II Trade and Industry	43,730	9,864	12,550	18,440	84,584	12.7
III Electricity	98,140	1,500	400	2,000	102,040	15.3
IV Transport System	99,609	24,660	8,850	7,100	140,219	21.1
V Communications	30,000	-	-	-	30,000	4.5
VI Water & Other Irrigation	2,485	7,442	7,300	10,603	27,830	4.2
VII Education	29,154	18,949	8,800	12,850	69,753	10.5
VIII Health	11,869	3,317	1,700	1,636	18,522	2.8
IX Town & Country Planning	21,595	6,000	3,850	9,280	40,725	6.1
X Co-operatives	-	2,439	400	1,500	4,339	0.7
XI Social Selfare	1,689	-	450	510	2,649	0.4
XII Information	2,351	88	450	773	3,662	0.5
XIII Judicial	272	-	250	442	964	0.1
XIV General Administration	42,779	993	600	1,114	45,486	6.8
XV Financial Obligations	2,425	-	100	1,600	4,125	0.6
T O T A L :	406,967	97,746	76,000	85,290	666,003	100.0

PROSPECTS OF THE NIGERIAN ECONOMYAGGREGATIVE PROJECTIONS

This Annexure, which must necessarily be written in somewhat technical language, details the assumptions and procedure used to make the aggregative projections for the Nigerian economy for the years 1962/3 to 1967/8. Its purpose is to show in greater detail how the various Government Programmes fit into the general development of the Nigerian economy. It provides, in general, the tests required to ensure the consistency of a comprehensive plan, and to indicate the means by which the figures quoted in Chapter 5 have been arrived at. In this Annexure, the calculations are presented under three differing sets of assumptions and are shown in Tables A, B, and C.

2. The assumptions underlying the calculations presented in Table A are :-

- (a) There will be no price changes;
- (b) G.D.P. will increase at 4% per year;
- (c) Private consumption will increase at 3% p.a.;
- (d) Gross Investment will remain at 15% of Gross Domestic Product;
- (e) The amount of inventory accumulation will be half the increase in Gross Fixed Investment;
- (f) Government consumption, which in 1960/1 was £85 million or approximately $7\frac{1}{2}\%$ of Gross Domestic Product, is assumed to be 8% of Gross Domestic Product in 1961/2, and is then assumed to increase by $\frac{1}{2}\%$ annually.

Two sets of calculations are contained in Table A by having also considered what the effect would be if private consumption were to increase by 3.2% p.a. The purpose of this variant is to indicate the effect which even such an apparently slight change in the rate of growth of private consumption would cause to the balance of payments position.

3. From these assumptions, it is possible to calculate the import surplus that is required to sustain the rate of growth of G.D.P. of 4% p.a. Over the Plan period, this import surplus would amount to £349.0 million if the rate of growth in private consumption is held to 3%, but to £405.6 million if consumption were permitted to grow at the rate of 3.2%. Moreover, if private consumption were to rise at 3% p.a., the balance of payments deficit would decrease over the period; with a growth rate of 3.2% it would increase.

Procedure employed for Test of Consistency

4. Table A contains only two features of the Plan :-

- (a) that G.D.P. is to grow at 4% per annum; and
- (b) that 15% of G.D.P. is to be invested annually.

5. Table B takes into consideration the following factors :-

- (a) the anticipated effects of the Plan on Government investment and consumption and on the balance of payments;
- (b) the expected deterioration of the terms of trade;
- (c) the expected foreign assistance required to implement the Plan;

- (d) the expected increase in the domestic resources required to service the assistance received from external sources.

6. It will be seen, therefore, that these calculations indicate that, in the light of information now available, the Programmes of the four Governments or the effect of these Programmes are consistent with the expected rate of growth of G.D.P. and the anticipated deterioration in the terms of trade. In addition, the calculations show that the projected rate of growth of resources available to Nigeria will be sufficient to allow for the per capita increase in the level of living which is one of the major aims of the Development Plan. This test has been necessary to ensure that the Programmes are feasible as to size and composition.

7. Since the method employed is somewhat unusual, it is necessary to explain the steps taken in somewhat greater detail. First, it was necessary to calculate the anticipated balance of payments gap. In doing so, the expected decline in the prices received for Nigeria's exports was taken into account and, therefore, that export earnings will grow less fast than the quantities of exports. The details of these calculations are found in Annexure II.

8. The purpose of this calculation is to arrive at the resources expected to be available to the Nigerian economy for all requirements of investment and consumption. From the expected G.D.P. calculated to increase at 4% p.a., the expected exports of goods and services were deducted since they are not available within Nigeria. On the other hand, the imports of goods and services are added since those represent resources which can be used for investment and consumption.

9. In addition to exports and imports of goods and services, Nigeria earns foreign exchange on the foreign assets she holds. At the same time, Nigeria requires to employ foreign exchange for servicing foreign assets in Nigeria. These inpayments and outpayments must now be added to the exports and imports of goods and services. The calculated balance of payments gap so arrived at was then subtracted from the available resources to arrive at the figure for the "adjusted G.D.P."

10. The adjusted G.D.P. allows, therefore, for the expected deterioration in the terms of trade, the expected capital inflow, and the expected effect of other payments and receipts.

11. The second step was to calculate the Gross Fixed Investment aimed at by the Plan, by taking 15% of the adjusted G.D.P. The third step consisted of calculating expected inventory accumulation.

12. Fourth, Government consumption was calculated from the budgetted submissions for the Plan. According to the practice suggested by the United Nations, and which has been followed here, Government consumption consists of :-

- (a) the recurrent expenditures of Government less those recurrent expenditures which are employed for the acquisition of fixed assets;
- Plus (b) capital expenditures on Defence;
- Less (c) all debt service, which is treated as a transfer payment.

13. Calculations based upon the known figures of expenditure incurred in 1960/1 show that Government consumption was the

/following

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following percentage of recurrent expenditure, less debt service :-

Federal Government	:	75.0%
Northern Region	:	87.7%
Eastern Region	:	93.8%
Western Region	:	91.5%

It has been assumed that these percentages will remain constant over the Plan period.

14. As has already been explained in paragraph 18 of this Chapter, an underspending factor of 5% has been assumed in the recurrent expenditure budgets of each of the four Governments. Table D summarizes the results.

15. Private consumption is calculated as the difference between the available resources and the resources needed for Government consumption, Gross Fixed Investments and Inventory Accumulation.

16. The calculations made on the basis of these assumptions are shown in detail in Table B and clearly indicate that the Plan is internally consistent, permitting not only the investment of 15% of G.D.P., but also the increased Government consumption and the desired increase in the per capita level of consumption. Their significance has been further discussed in the body of the text of this Chapter.

Effect of Price Rises

17. Table C is calculated on the assumption that the prices of goods and services required by private and government consumption will rise by 1% per year and the prices of investment goods by $\frac{1}{2}$ % per year. The purpose of this calculation has been to estimate the effect of a moderate

/inflation

inflation on the balance of payments gap to be financed. As can be seen, even a moderate inflation may lead to major balance of payments trouble. The implications for economic policy which are discussed in paragraph 13 of this Chapter stress, therefore, the major importance of anti-inflationary policies and the need for a constant watching of the balance of payments.

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TABLE A
PROSPECTS OF THE NIGERIAN ECONOMY
Alternative (a)

	1960/1	1961/2	1962/3	1963/4	1964/5	1965/6	1966/7	1967/8	1962/3 - 1967/8
Private consumption increasing 3% p.a.	922.0	949.7	973.2	1007.5	1037.7	1068.8	1100.9	1133.9	6327.0
Government Consumption increasing $\frac{1}{2}\%$ starting with 8% in 1960/1	85.0	92.6	102.3	112.6	123.6	135.4	147.8	161.0	782.7
Gross Fixed Investment 15% of G.D.P.	158.0	173.6	180.5	187.7	195.2	203.0	211.2	219.6	1197.2
Inventory Accumulation, $\frac{1}{2}\%$ change in G.F.I.	10.0	7.8	4.0	3.6	3.8	3.9	4.1	4.2	23.6
Resources Required	1175.0	1223.7	1265.0	1311.4	1360.3	1411.1	1464.0	1518.7	8330.5
Gross Domestic Product increase 4% p.a.	1112.5	1157.0	1205.3	1251.4	1301.5	1353.6	1407.7	1464.0	7981.5
Import Surplus required	- 62.5	- 66.7	- 61.7	- 60.0	- 58.8	- 57.5	- 56.3	- 54.7	-349.0
<u>Alternative (b)</u>									
<u>Consumption to increase at 3.2%</u>									
Private Consumption increasing 3.2% p.a.	922.0	951.5	981.9	1013.4	1045.8	1079.3	1113.8	1149.4	6383.6
Resources Required	1175.0	1225.5	1268.7	1317.3	1368.4	1421.6	1476.9	1534.2	8387.1
Import Surplus Required	- 62.5	- 68.5	- 65.4	- 65.9	- 66.9	- 68.0	- 69.2	- 70.2	-405.6
<u>Percentage Distribution (a)</u>									
Private Consumption	82.9	82.1	81.3	80.5	79.7	79.0	78.2	77.5	
Government Consumption	7.6	8.0	8.5	9.0	9.5	10.0	10.5	11.0	
Gross Fixed Investment	14.2	15.0	15.0	15.0	15.0	15.0	15.0	15.0	
Inventory Accumulation	0.9	0.7	0.3	0.3	0.3	0.3	0.3	0.3	
Import Surplus	- 5.6	- 5.8	- 5.1	- 4.8	- 4.5	- 4.3	- 4.0	- 3.8	
<u>Total</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
Private and Government Consumption	90.5	90.1	89.8	89.5	89.2	89.0	88.7	88.5	
<u>Percentage Distribution (b)</u>									
Private Consumption	82.9	82.2	81.6	81.0	80.4	79.7	79.1	78.5	
Import Surplus	- 5.6	- 5.9	- 5.4	- 5.3	- 5.1	- 5.0	- 4.9	- 4.8	
Private plus Government Consumption	- 90.5	- 90.2	- 90.1	- 90.0	- 89.9	- 89.7	- 89.6	- 89.5	

TABLE B
PROSPECTS OF THE NIGERIAN ECONOMY

	1960/1	1961/2	1962/3	1963/4	1964/5	1965/6	1966/7	1967/8	1962/3-1967/8
Private Consumption (Residual)	922.0		988.6	1015.3	1040.7	1068.6	1107.1	1134.4	6354.7
Government Consumption (Table I-D)	85.0		106.7	115.4	127.4	137.6	149.3	162.0	798.4
Gross Fixed Investment (15% of adjusted G.D.P.)	158.0	(168.3)	178.6	185.9	192.7	199.7	205.6	214.6	1177.1
Inventory Accumulation	10.0		5.1	3.6	3.4	3.5	2.9	4.4	22.9
Resources Available/Required	1175.0		1279.0	1320.2	1364.2	1409.4	1464.9	1515.4	8353.1
Import Surplus (Table III.8)	- 62.5		- 88.3	- 81.2	- 79.7	- 78.2	- 94.3	- 84.6	-506.3
Adjusted G.D.P.	1112.5		1190.7	1239.0	1284.5	1331.2	1370.6	1430.8	7846.8
Real G.D.P. projected at 4%	1112.5	1157.0	1203.3	1251.4	1301.5	1353.6	1407.7	1464.0	7981.5

<u>INDICES</u>									
Private Consumption	100.0		107.2	110.1	112.9	115.9	120.1	123.0	
Government Consumption	100.0		125.5	135.8	149.9	161.9	175.6	190.6	
Gross Fixed Investment	100.0		113.0	117.7	122.0	126.4	130.1	135.8	
Resources Available	100.0		108.9	112.4	116.1	119.9	124.7	129.0	
Adjusted G.D.P.	100.0		107.0	111.4	115.5	119.7	123.2	128.6	

<u>PERCENTAGE CHANGE OVER PREVIOUS YEAR</u>								<u>Average annual Change</u>
Private Consumption			102.7	102.5	102.7	103.6	102.5	102.8
Government Consumption			108.2	110.4	108.0	108.4	108.5	108.7
Gross Fixed Investment			104.1	103.7	103.6	103.0	104.4	103.8
Additional G.D.P.			104.1	103.7	103.6	103.0	104.4	103.8
Real G.D.P.			104.0	104.0	104.0	104.0	104.0	104.0

<u>PERCENTAGE DISTRIBUTION</u>							
Private Consumption	82.9	83.0	81.9	81.0	80.3	80.8	79.3
Government Consumption	7.6	9.0	9.4	9.9	10.3	10.9	11.3
Government Capital Formation	14.2	8.4	8.7	9.4	9.9	10.4	10.4
Private Capital Formation		6.6	6.3	5.6	5.1	4.6	4.6
Inventory Accumulation	0.9	0.4	0.3	0.3	0.3	0.2	0.3
Import Surplus	- 5.6	- 7.4	- 6.6	- 6.2	- 5.9	- 6.9	- 5.9
Adjusted G.D.P.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Private and Government Consumption	90.5	92.0	91.3	90.9	90.6	91.7	90.6
Gross Fix Investment	14.2	15.0	15.0	15.0	15.0	15.0	15.0

TABLE B
PROSPECTS OF THE NIGERIAN ECONOMY

	1960/1	1961/2	1962/3	1963/4	1964/5	1965/6	1966/7	1967/8	1962/3-1967/8
Private Consumption (Residual)	922.0		988.6	1015.3	1040.7	1068.6	1107.1	1134.4	6364.7
Government Consumption (Table 1-D)	85.0		106.7	115.4	127.4	137.6	149.3	162.0	798.4
Gross Fixed Investment (15% of adjusted G.D.P.)	158.0	(168.3)	178.6	185.9	192.7	199.7	205.6	214.6	1177.1
Inventory Accumulation	10.0		5.1	3.6	3.4	3.5	2.9	4.4	22.9
Resources Available/Required	1175.0		1279.0	1320.2	1364.2	1409.4	1464.9	1515.4	8353.1
Import Surplus (Table III.8)	- 62.5		- 88.3	- 81.2	- 79.7	- 78.2	- 94.3	- 84.6	-506.3
Adjusted G.D.P.	1112.5		1190.7	1239.0	1284.5	1331.2	1370.6	1430.8	7846.8
Real G.D.P. projected at 4%	1112.5	1157.0	1203.3	1251.4	1301.5	1353.6	1407.7	1464.0	7981.5
<u>INDICES</u>									
Private Consumption	100.0		107.2	110.1	112.9	115.9	120.1	123.0	
Government Consumption	100.0		125.5	135.8	149.9	161.9	175.6	190.6	
Gross Fixed Investment	100.0		113.0	117.7	122.0	126.4	130.1	135.8	
Resources Available	100.0		108.9	112.4	116.1	119.9	124.7	129.0	
Adjusted G.D.P.	100.0		107.0	111.4	115.5	119.7	123.2	128.6	
<u>PERCENTAGE CHANGE OVER PREVIOUS YEAR</u>									
Private Consumption				102.7	102.5	102.7	103.6	102.5	Average annual Change 102.8
Government Consumption				108.2	110.4	108.0	108.4	108.5	108.7
Gross Fixed Investment				104.1	103.7	103.6	103.0	104.4	103.8
Additional G.D.P.				104.1	103.7	103.6	103.0	104.4	103.8
Real G.D.P.				104.0	104.0	104.0	104.0	104.0	104.0
<u>PERCENTAGE DISTRIBUTION</u>									
Private Consumption	82.9		83.0	81.9	81.0	80.3	80.8	79.3	
Government Consumption	7.6		9.0	9.4	9.9	10.3	10.9	11.3	
Government Capital Formation	14.2		8.4	8.7	9.4	9.9	10.4	10.4	
Private Capital Formation			6.6	6.3	5.6	5.1	4.6	4.6	
Inventory Accumulation	0.9		0.4	0.3	0.3	0.3	0.2	0.3	
Import Surplus	- 5.6		- 7.4	- 6.6	- 6.2	- 5.9	- 6.9	- 5.9	
Adjusted G.D.P.	100.0		100.0	100.0	100.0	100.0	100.0	100.0	
Private and Government Consumption	90.5		92.0	91.3	90.9	90.6	91.7	90.6	
Gross Fix Investment	14.2		15.0	15.0	15.0	15.0	15.0	15.0	

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TABLE C
PROSPECTS FOR THE NIGERIAN ECONOMY

	1960/1	1961/2	1962/3	1963/4	1964/5	1965/6	1966/7	1967/8	1962/3-1967/8
Private Consumption, 1% p.a. price rise	922.0		1008.4	1045.8	1082.3	1122.0	1173.5	1213.8	6645.8
Government Consumption, 1% p.a. price rise	85.0		108.8	118.9	132.5	144.5	158.3	173.3	836.3
Gross Fixed Investment, 1½% p.a. price rise	158.0		180.4	188.7	196.6	204.7	211.8	222.1	1204.3
Inventory Accumulation, ½ change in G.F.I.	10.0		5.2	3.7	3.5	3.6	3.0	4.6	23.6
Resources Required	1175.0		1302.8	1357.1	1414.9	1474.8	1546.6	1613.8	8710.0
G.D.P. 4% adjusted from Table B	1112.5		1190.7	1239.0	1284.5	1331.2	1370.6	1430.8	7846.8
Gap to be financed	- 62.5		112.1	118.1	130.4	143.6	176.0	183.0	863.2
Less Calculated Gap			88.3	81.2	79.7	78.2	94.3	84.6	506.3
Equals effect of price rise			23.8	36.9	50.7	65.4	81.7	98.4	356.9
<u>PERCENTAGE DISTRIBUTION</u>									
Private Consumption			84.7	84.4	84.3	84.2	85.6	84.9	
Government Consumption			9.1	9.6	10.3	10.9	11.5	12.1	
Gross Fixed Investment			15.2	15.2	15.3	15.4	15.5	15.5	
Inventory Accumulation			0.4	0.3	0.3	0.3	0.2	0.3	
Import Surplus (Gap to be financed)			- 9.4	- 9.5	-10.2	-10.8	-12.8	-12.8	
Adjusted G.D.P.			100.0	100.0	100.0	100.0	100.0	100.0	

TABLE D

GOVERNMENT CONSUMPTION ESTIMATED FROM BUDGET SUBMISSIONS
AND ALLOWING FOR UNDERSPENDING

	<u>£ million</u>					
	<u>1962/3</u>	<u>1963/4</u>	<u>1964/5</u>	<u>1965/6</u>	<u>1966/7</u>	<u>1967/8</u>
Federal Government	41.2	44.9	50.3	53.9	57.7	61.3
Northern Region	17.0	19.3	21.7	24.6	27.9	31.6
Eastern Region	18.3	19.2	21.3	23.5	25.7	28.2
Western Region	17.8	19.6	21.7	23.2	25.6	28.5
Local Governments	12.4	12.4	12.4	12.4	12.4	12.4
<u>TOTAL</u>	<u>106.7</u>	<u>115.4</u>	<u>127.4</u>	<u>137.6</u>	<u>149.3</u>	<u>162.0</u>

EXPORTS, IMPORTS AND BALANCE OF PAYMENTS

The Development Programme depends in large measure on the ability of Nigeria to finance the imports of necessary development goods. It is estimated that the total import surplus which will have to be financed for the years 1962/3 through 1967/8 will be £506.3 million, provided that there is no price inflation and in the absence of any deliberate policy to restrict imports.

2. The assumptions and calculations used to calculate this gap are set forth briefly in this Annexure. To put the future estimates into perspective, it is necessary first to present the figures for the past performance of imports and exports. Table E indicates that there has been an apparent import surplus on current account since 1955. This import surplus has remained fairly steady at around £30 million from 1957 through 1959, but has since increased sharply. The value of imports has increased steadily, while exports have fluctuated somewhat more as a result of price movements and the volume of exported crops. In the future the import surplus is expected to grow until about 1963/4 and then gradually decrease as a result of the combination of import substitutions and increased exports resulting from the development programme.

Exports

3. The export projections which have been made in consultation with international commodity market experts as to prices and with the Regional Governments as to quantities are set forth in Tables F and G. In particular, the effect of the regional agricultural programmes on the output of agricultural commodities and the increased domestic use of cotton for textiles and groundnuts for

/crushing

crushing has been allowed for. Petroleum exports are expected to rise rapidly and they are likely to become Nigeria's biggest single export by the end of the Plan period.

Imports

4. Because imports are more diversified, their projection is more complicated. The method of calculating imports has been as follows.

5. First, the projections were made for as many individual import classifications as was possible. Secondly, it was assumed that the prices of individual import categories would not change from 1960. In the past ten years prices have risen. However, it is noteworthy that a larger number of countries are now able to supply the import needs of Nigeria. As long as exchange controls and direct import licensing are avoided, Nigeria may choose her industrialized imports from a larger number of countries than ever before. Nigeria should benefit from the competition for her market, which will tend to keep prices low.

6. The demand for imports was first projected on the assumption that no import substitution would take place. Next, the known domestic production plans were calculated and deducted from the import needs. Wherever possible, the import needs of import substitutes were then added in.

7. It is almost certain that import substitutions were under-stated: in particular, when the iron and steel industry is established in Nigeria certain imports of basic materials, such as structural shapes, rods and some sheets, will undoubtedly diminish. On the other hand, it must be expected that there will not only be import substitution but some shift in imports. The method of projection has tried to allow for such shifts.

/Structure

Structure of Imports

8. Table H summarizes the import projections by S.I.T.C.⁽¹⁾ classification, and Table I gives the percentage distribution of imports.

Balance of Payments on Current Account

9. The balance of payments on current account contains other items which must be allowed for, such as payment and receipts for shipping services and interest payments. In general, Nigeria's payments for these items are likely to be larger than her receipts. In 1960, receipts on current account were 110.1% of the value of merchandise exports, while outpayments on current account were 114.9% of merchandise imports. Of the receipts, 2.8% were income from foreign assets held by Nigeria and of the payments 3.4% were required for debt servicing.

10. For 1962 and 1963, the same percentages have been applied to arrive at the total inpayment and outpayment on current account. As the Plan envisages substantial increase of foreign borrowing, it has been assumed that, starting with 1963, the total outpayments of current account will increase. The balance of payments figures are set out in Table J.

(1) Standard Industrial Trade Classification.

TABLE E
BALANCE OF PAYMENTS ON CURRENT ACCOUNT

1954 - First Half of 1961

	Merchandise Imports c.i.f.	Merchandise Exports Domestic f.o.b.	Re-exports	Visible Balance	Apparent balance on current account.
	£'000	£'000	£'000	£'000	£ million
1954	114,069	146,242	3,290	+ 35,463	+ 28.4
1955	136,117	129,816	2,718	- 3,583	- 9.5
1956	152,713	132,261	2,312	- 18,140	- 25.0
1957	152,468	124,177	3,357	- 24,934	- 30.6
1958	166,274	132,791	2,759	- 30,901	- 31.0
1959	178,405	160,505	2,992	- 14,908	- 32.0 p
1960	215,195	160,904	3,984	- 50,307	- 72.4 p
1961 :					
Jan. - Jun.	145,146	119,023	2,420	- 23,703	n.a.

Source :-

Federal Office of Statistics.

TABLE F
EXPORT PROJECTIONS
1962 - 1967

Quantities in '000 tons (unless otherwise stated)

	Assumption	1960 Actual	1961 January to June Actual.	1961 Base Year	1962	1963	1964	1965	1966	1967
1. COCOA	Up 5% per annum	154.0	94.0	170.0	178.0	187.0	197.0	207.0	218.0	229.0
2. PALM KERNELS	Unchanged	418.0	206.0	420.0	42.00	420.0	420.0	420.0	420.0	420.0
3. PALM OIL: Plantation	}	150.0	84.0	10.0	12.1	14.1	16.2	17.6	18.9	20.1
4. Edible				150.0	151.4	164.8	175.2	174.6	172.0	172.0
5. Technical				37.0	37.0	38.0	39.0	40.0	41.0	42.0
4. COTTON LINT	} Co-ordinated with	27.0	27.0	40.0	42.0	45.0	48.0	54.0	63.0	71.0
5. COTTON SEED		40.0	29.0	46.0	52.0	59.0	65.0	78.0	96.0	113.0
8. BENNI SEED	Up 5% per annum	27.0	9.0	27.0	29.0	30.0	32.0	33.0	35.0	37.0
9. SOYA BEANS	Up 6% per annum	3.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0
10. GROUNDNUTS	} Co-ordinated with	332.0	255.0	438.0	470.0	490.0	515.0	559.0	601.0	650.0
11. GROUNDNUT OIL		47.0	21.0	51.0	51.0	58.0	65.0	71.0	78.0	78.0
12. GROUNDNUT CAKE	Half exported	53.0	33.0	34.0	34.0	38.0	43.0	47.0	51.0	51.0
13. RUBBER	Up to 61,890 tons in 1966/67	57.0	28.0	57.0	60.6	61.5	61.4	61.6	61.9	63.0
14. GOAT SKINS	Up 1% per annum									
15. CATTLE HIDES	Up 1% per annum									
16. OTHER HIDES AND SKINS	Up 1% per annum									
17. TIMBER	In million cu. ft. Timber Index	27.9 100.0	14.2	26.3 94.29	28.0 100.5	27.6 99.0	27.7 99.3	28.7 103.0	32.2 115.6	32.8 117.7
18. PETROLEUM		827.0	348.0	2,000	3,000	4,500	5,300	6,800	8,200	9,700
19. TIN	Metal content	7.8	5.4	9.5	9.5	9.5	9.5	9.5	9.5	9.5
20. COLUMBITE	Up 9% per annum	3.3	0.9	3.6	3.9	4.3	4.6	5.1	5.5	6.0

TABLE G

EXPORT PROJECTIONS 1962-1967

Value in £ million

	fob price £/ton	1960 actual	1961 January to June actual	1961 Base Year	1962	1963	1964	1965	1966	1967
1. COCOA	160	35.057	18.434	27.2	28.5	30.0	31.5	33.1	34.8	36.6
2. PALM KERNELS	41	25.097	10.220	17.4	17.4	17.4	17.4	17.4	17.4	17.4
3. PALM OIL: Plantation	75	} 11.064	} 6.995	.8	.9	1.1	1.2	1.3	1.4	1.5
4. Edible	68			10.2	10.3	11.2	11.9	11.8	11.7	11.7
5. Technical	57	2.117	.638	2.1	2.1	2.2	2.2	2.3	2.3	2.4
6. COTTON LINT	225	5.905	5.931	9.0	9.5	10.1	10.8	12.2	14.2	16.0
7. COTTON SEED	18	1.039	.787	.8	.9	1.1	1.2	1.4	1.7	2.0
8. BENZI SEED	65	1.833	.627	1.8	1.9	2.0	2.1	2.1	2.3	2.4
9. SOYA BEANS	28	.120	.442	.4	.4	.5	.5	.5	.5	.6
10. GROUNDNUTS	50	21.956	15.933	21.9	23.5	24.5	25.8	28.0	30.0	32.5
11. GROUNDNUT OIL	86	5.296	2.422	4.5	4.5	5.0	5.4	6.1	6.6	6.6
12. GROUNDNUT CAKE	22	1.558	.851	1.1	1.1	1.3	1.4	1.5	1.7	1.7
13. RUBBER	£210 to 1965. £160 after 1965	14.244	5.842	11.9	12.8	12.8	12.8	13.0	9.9	10.1
14. GOAT SKINS	760	1.982	.797	2.0	2.0	2.0	2.1	2.1	2.1	2.1
15. CATTLE HIDES	260	1.626	.785	1.6	1.7	1.7	1.7	1.7	1.7	1.7
16. OTHER HIDES & SKINS	1080	.911	.433	.9	.9	.9	.9	.9	1.0	1.0
17. TIMBER: Logs, Sawn, Plywood	As in 1960	8.133	4.684	7.6	8.1	8.0	8.0	8.3	9.4	9.5
18. PETROLEUM	5.3	4.408	1.853	10.6	15.9	23.9	28.1	36.0	43.5	51.4
19. TIN	760	6.045	3.237	7.2	7.2	7.2	7.2	7.2	7.2	7.2
20. COLUMBITES	635	2.121	.583	2.3	2.5	2.7	3.0	3.3	3.6	3.9
<u>SUB-TOTAL</u>		150.512	81.493	141.3	152.1	165.6	175.2	190.2	203.0	218.3
21. OTHER EXPORTS	(7% of Sub-Total)	10.392	3.427	9.9	10.6	11.6	12.3	13.3	14.2	15.3
<u>TOTAL</u>		160.904	84.920	151.2	162.7	177.2	187.5	203.5	217.2	233.6
<u>GRAND TOTAL EXPORTS</u> Including Re-exports (102.476% of total).		164.888	86.639	154.9	166.7	181.6	192.1	208.5	222.6	239.4

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TABLE H

IMPORT PROJECTIONS, £ MILLION 1960 ACTUAL AND 1962-1967 PROJECTED

STIC No.	1960	1962	1963	1964	1965	1966	1967
0, 1 <u>Food Drink, Tobacco</u>	30.1	34.0	35.6	37.3	39.0	40.8	42.7
<u>Less Import substitution (net)</u>		1.0	1.6	2.9	3.3	3.7	4.0
= <u>Expected Imports</u>	30.1	33.0	34.0	34.4	35.7	37.1	38.7
2 <u>Crude Materials except fuels</u>	2.1	2.1	2.1	2.1	2.2	2.2	2.2
3 <u>Mineral Fuels</u>	9.4	10.8	11.7	12.7	13.8	15.0	16.4
<u>Less Domestic Production</u>	0	0	0	4.7	10.4	11.4	12.5
= <u>Expected Imports</u>	9.4	10.8	11.7	8.0	3.4	3.6	3.9
4 <u>Animal & Vegetable Oils</u>	.1	.1	.1	.1	.1	.1	.1
5 <u>Chemicals</u>	12.2	14.3	15.4	16.7	18.1	19.6	21.3
<u>Less Expected Domestic Production</u>	0	0	1.0	1.0	1.0	1.0	1.0
= <u>Expected Imports</u>	12.2	14.3	14.4	15.7	17.1	18.6	20.3
6 <u>Manufactured articles by material</u>	80.6	88.2	92.1	96.6	101.7	107.2	113.0
<u>Less Domestic Production</u>	0	5.9	9.5	14.2	14.6	14.6	14.6
= <u>Expected Imports</u>	80.6	82.3	82.6	82.4	87.1	92.6	98.4
7 <u>Machinery & Transport Equipment</u>	51.6	61.5	66.2	71.6	77.5	82.4	82.6
8 <u>Miscellaneous Manufactured Articles</u> (adjusted for import substitutions)	23.9	25.9	27.0	28.2	29.5	31.0	32.6
9 <u>Miscellaneous Transactions</u>	2.7	2.7	2.7	2.7	2.7	2.7	2.7
<u>TOTAL EXPECTED IMPORT DEMAND</u> f)	212.7	232.7	240.8	245.2	255.2	270.3	281.5
<u>Less Re-exports xx)</u>	2.0	2.4	2.6	2.9	3.1	3.4	3.7
= <u>TOTAL IMPORTS</u> f)	210.7	230.3	238.2	242.3	252.1	266.9	277.8

x) Excluding re-exports

f) Detail will not add up because of rounding

xx) Except petroleum which has been previously deducted

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TABLE I

IMPORT PROJECTIONS

PERCENTAGE DISTRIBUTION 1960 ACTUAL 1962-66 PROJECTED

SIT.C.		1954	1960	1962	1963	1964	1965	1966	1967
0, 1	Food, Drink and Tobacco	14.5	14.2	14.1	14.1	14.1	14.0	13.7	13.7
0, 2	Crude Materials	1.3	1.0	1.0	0.9	0.9	0.9	0.8	0.8
0, 3	Mineral Fuels	4.9	4.4	4.7	4.9	3.4	1.3	1.3	1.4
0, 4	Animal and Vegetable Oils			negligible					
0, 5	Chemicals	4.2	5.7	6.1	6.0	6.4	6.7	6.9	7.2
0, 6	Manufactured Articles by material	47.6	37.9	35.4	34.3	33.7	34.1	34.3	35.0
0, 7	Machinery and Transport equipment	17.5	24.3	26.4	27.5	29.2	30.4	30.5	29.3
0, 8	Miscellaneous Manufactured articles	8.3	11.2	11.1	11.2	11.2	11.5	11.5	11.6
0, 9	Miscellaneous Transactions	1.7	1.3	1.2	1.1	1.1	1.1	1.0	1.0
	TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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TABLE J

PROJECTED BALANCE OF PAYMENTS ON CURRENT ACCOUNT1962 - 1967

Year	Merchandise Only		Total Receipts on Current Account.	Total Payments on Current Account.	Balance on Current Account
	Exports	Imports ⁽¹⁾			
			£ million		
1962	162.7	230.3	179.1	267.4	- 88.3
1963	177.2	238.2	195.1	276.3	- 81.2
1964	187.2	242.5	206.4	286.1	- 79.7
1965	203.5	252.1	224.1	302.3	- 78.2
1966	217.2	266.9	239.1	333.4	- 94.3
1967	233.6	277.8	257.2	341.8	- 84.6

(1)

After an adjustment for re-exports.

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FEDERAL GOVERNMENT DEVELOPMENT PROGRAMME 1962/68

The principal feature of the National Development Plan is its gearing for growth - growth, that is, not in the sense of achieving spectacular immediate or even short-term results, but rather in the sense of laying a solid and enduring foundation for future expansion - an essential pre-requisite in our evolution towards a self-sustaining economy. Each Government is, of course, responsible for the execution of those projects within the National Development Plan which fall within its Constitutional responsibilities. The allocation of investment therefore, necessarily differs as between the Federal Government Programme and that of each of the Regional Governments, and they differ among themselves according to their own individual circumstances, but all contribute in full measure to the achievement of the overall objectives. For these reasons, it is impossible to judge the Development Programme of any one Government in isolation either from the National Plan or from the Programmes of the other Governments, since each of the four Development Programmes cannot be complete in itself and is but one part of a composite and coherent whole.

2. This Chapter is concerned primarily to provide a brief outline of the Federal Development Plan and the major projects contained within it. It does not seek to discuss specific economic, fiscal and monetary policies which the Federal Government intends to adopt to meet the challenging problems which will arise in the implementation of the National Plan, since these policies are more properly discussed in Chapter 10.

3. In the past the main objective of the Federal Government's economic development policy has been to concentrate on the pre-conditions for further development, particularly the so-called infra-structure. The main emphasis in investment was in fact directed towards projects which fell within the exclusive competence of the Federal Government, particularly:-

- (i) the defence of the nation and internal security;
- (ii) the development of communications of nation-wide significance: telecommunications, major trunk roads, railways, sea and airports, etc.;
- (iii) the expansion of electric power;
- (iv) certain major aspects of higher education, including medical education;
- (v) pure research in the fields of primary production and mineralogy;
- (vi) provision for services within the Federal Territory of Lagos;
- (vii) the creation of financial institutions appropriate to a sovereign state and the maintenance of confidence in these institutions.

4. The way is now clear for a major step forward. The achievements of the past provide a base for an economy on the threshold of rapid development in almost all sectors. This factor, combined with the legitimate aspirations of a newly independent people, now demand a major shift in this strategy. All efforts are now geared towards achieving that maximum increase in national income without which it will be impossible to generate the savings to sustain the level and diversity of simultaneous investment in the many fields, economic and social, required by Nigeria's growing population. In particular, production and productivity throughout the economy must be sharply raised in order to obtain increased savings, to expand employment opportunities, to contain balance of payments and inflationary pressures as personal incomes rise and, finally, to enable the Nation to sustain the growth in those services and activities which social justice demands. Placed in a different context, the development strategy requires that, while maintaining the growth of economic overhead services, such as communications and power, investment, and therefore growth, must be sharply accelerated in primary production, minerals,

/manufacturing

manufacturing, technical and post-primary education. It follows from this that, compared with the past, investment in defence, security and general administrative services will be held to the minimum compatible with the maintenance of sovereign status and political stability and investment in the purely social sector to the minimum compatible with social justice.

5. This major change in the direction of Nigeria's economic development is fully reflected in the Federal Government's own Development Programme. Investment will not, as hitherto, be largely limited to projects which are of exclusively Federal concern, but will be broadened to embrace new activities, particularly in the fields of agriculture and education. The allocation of investment in the Federal Government's Programme is directed towards:-

- (i) a major expansion of Federal activities in the field of Agriculture, coupled with more intensive research into natural resources and mineral wealth;
- (ii) a positive approach to industrial development, both by promoting the establishment of a Development Bank and by direct Government participation in industry on a massive scale, particularly to support high priority agricultural programmes and to induce growth in the economy;
- (iii) the maximum possible investment in the development of technical, secondary and higher education so that the future manpower requirements of the nation may be met by Nigerians in the shortest practicable time;
- (iv) the production of adequate, reliable and cheap supplies of electric power to meet the rapidly increasing demand, without which industrial and economic development of Nigeria would be impossible;

- (v) the development of communications and co-ordinated transport system, making the fullest use of the particular advantages of the various forms of transport available;
- (vi) a limited expansion of services in the Federal Territory of Lagos commensurate with the increasing ability of the population of Lagos to sustain such services;
- (vii) the strengthening of the defence and internal security forces;
- (viii) restraining investment in all other fields to the minimum levels required to accelerate growth in these sectors of higher priority.

THE SIZE OF THE FEDERAL GOVERNMENT PROGRAMME

6. The total capital expenditure envisaged by the Federal Government Development Programme 1962/68 is £407 million, including expenditure by the Federal Statutory Corporations and by the wholly-owned Nigeria Airways and Nigerian National Line. Of this total, expenditure to be incurred directly by Government is expected to amount to some £229 million, or 56 per cent. of the total, and that by Corporations and the two Companies to £178 million, or 44 per cent. of the total. The overall Federal Government Programme represents 61 per cent. of the total public sector investment over the Plan period, whilst the direct Government investment of some £229 million will be approximately equal to the combined investment by the three Regional Governments.

7. An analysis of the investment in the various sectors envisaged by this Programme compared with the 1955/62 Programme, is as follows:-

FEDERAL CAPITAL EXPENDITURE PROGRAMME

1962-68

Distribution by Sector

£ million

	1955-61 Programme		1962-68 Programme	
	Actual Expenditure 1955-61	%	Planned Expenditure 1962-68	%
I. <u>ECONOMIC</u>				
1. Primary Production	1.2	0.8	20.5	5.0
2. Trade and Industry	3.8	2.6	44.0	10.8
3. Electricity	7.0	4.8	98.1	24.0
4. Transport	49.9	34.0	103.6	25.4
5. Communications	12.1	8.3	30.0	7.4
6. Water excl. Irrigation	2.0	1.4	1.8	0.4
II. <u>SOCIAL OVERHEAD</u>				
7. Education	6.8	4.6	26.4	6.5
8. Health	2.9	2.0	10.4	2.6
9. Town & Country Planning	17.4	11.9	20.6	5.1
10. Social Welfare	0.4	0.3	2.7	0.7
11. Information	1.0	0.7	2.3	0.6
III. <u>GENERAL ADMINISTRATION</u>				
12. Judicial	0.1	0.1	0.3	0.1
13. General Government	35.7	24.4	43.9	10.8
IV. <u>FEDERAL OBLIGATIONS</u>				
14. Financial Obligations	6.1	4.1	2.4	0.6
T O T A L	146.3	100.0	407.0	100.0
I. Development	76.0	51.9	298.0	73.0
II. Social Overhead	28.4	19.5	62.4	15.5
III. General Administration	35.7	24.4	44.2	10.9
IV. Financial Obligations	6.1	4.1	2.4	0.6
T O T A L	146.3	100.0	407.0	100.0

8. Although in some cases the figures do not provide a true comparison between the expenditure under the 1955/62 programme and that envisaged for the 1962/68 Programme since the former

/does

does not include the capital expenditure by Statutory Corporations which was financed from their own resources, this analysis clearly demonstrates the major shifts in emphasis which are envisaged by the new Programme. In the true economic development sector, the percentage of programme expenditure rises from 51.9 per cent. in the previous Programme to 72.2 per cent., whilst the percentage devoted to the social overheads sector is reduced from 19.5 per cent. to 16.4 per cent. and the percentage devoted to the general administration sector, despite a large increase in defence spending, shows a dramatic reduction from 26.5 per cent. to 10.8 per cent.

9. Within the sectors themselves the changes in investment are even more striking. Investment in primary production, of which some 60 per cent. will be for direct investment in a series of new agricultural projects, is seventeen times greater than in the 1955/62 Programme. Investment in trade and industry is over eleven times greater, and that for education over four times greater.

10. The domestic resources which the Federal Government intends to mobilise towards the financing of the Development Programme may be summarised as follows:-

	£ million
Contributions from Recurrent Budget:	
Ordinary revenues 1962/68 at Existing rates	428
Additional revenues envisaged	59
Total ordinary revenues 1962/68	487.
Recurrent expenditures 1962/68 after allowing for implementation of Plan, debt servicing, estimated underspending etc.	460.0.
Available to finance capital development	27.
Resources of Statutory Corporations (profits, depreciation provisions, etc.)	80
Internal borrowing, including Central Bank	63
Mobilisation of Nigerian-owned external reserves	10
Federal Government's surplus funds (reserve Fund, accumulated surplusses, etc.)	20
Total	£200 million

10. It has been assumed that, overall, one half of the capital expenditure envisaged for the public sector of the economy by the National Plan will be financed by external aid in one form or another. It is, however, impracticable at this juncture to indicate with any degree of precision what proportion of the Development Programmes of any of the four Governments will itself be financed in this way. However, applying this overall assumption to the Federal Government's Development Programme, the following picture emerges:-

Expenditure

Total programmed capital expenditure	£407 million
Probable actual capital expenditure, allowing for under-expenditure	£400 million

Resources

Foreign Aid	£200 million
Domestic Resources	£200 million
Total Resources	<u>£400 million</u>

12. The table of domestic resources necessarily assumes that there will be no change in the statutory revenue allocation arrangements during the Plan period and that other domestic resources mobilised by the Federal Government will not be passed on directly to the Regional Governments, except to the extent that the Development Programme itself provides (e.g., in the case of certain grants for Education). The finance required for the Development Programmes of all the Governments has been assessed on this same basis. Each assumes that one half of the capital expenditure will be met by foreign aid and that the Government concerned will retain the domestic resources which it itself mobilises - for example, the Regional Development Programmes assume that contributions from Marketing Boards, whether from their reserves or from current surpluses, will accrue to the Regional Government concerned. In practice, the resources, both actual and potential, available to all the Governments will be kept under constant review and adjustments

ments made according to the changing pattern of needs which will develop as the Plan gets under way.

13. Clearly, neither the National Development Plan itself, nor its expression as reflected in the Development Programmes of the various Governments, can be judged merely in terms of overall objectives and size. The intrinsic worth of the Plan depends almost entirely both upon the quality of its specific aims and the detailed projects within it and also upon the economy achieved in their execution. A full description of the Federal Government Development Programme 1962/68 is contained in Appendix I. The following paragraphs, which touch only upon the major projects within this Programme, should therefore be regarded as constituting merely a brief description of the main projects and schemes by which it is hoped to realise the overall planning objectives.

OUTLINE OF THE PROGRAMME

14. Primary Production.

Total Investment	£19.8 m.
of which	
Agriculture	12.0
Agricultural Credit	3.0
Fisheries	0.9
Forests	0.5
Veterinary	0.3
Niger Delta Development Board	2.3
Minerals	0.5
Statistics Social and Economic Research	0.3

15. Very high priority in the Federal programme is accorded to a maximum acceleration of agricultural production. Over 80% of the population of Nigeria is engaged in and more than 50% of its national income is derived from agriculture. The rate of expansion in the /agricultural

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agricultural sector will largely determine the success of the National Plan, and therefore, the level of living, employment opportunities and other goals. For this reason the Federal Government recognises and accepts that its responsibility on the field of primary production must go beyond the mere provision of research services. The Federal Government therefore intends to expand its activities in close co-ordination with the Regional Governments, in directions which will contribute to increased production and increased productivity in agriculture. Research will be reoriented towards immediate practical problems of production and will be expanded to include pre-investment activities in primary production. At the same time the Federal Government will contribute directly towards projects for the immediate increase of output in the fields of agriculture, forestry, animal resources and fisheries. For this purpose a provision of \$10 million for capital, and of \$15 million for recurrent, expenditures has been made in the Plan.

16. In examining specific projects full account will be taken of the need during the Plan period, not only to increase the output of food and agricultural raw materials, but also to reduce or eliminate the growing volume of imports of food and processed forest products on which foreign exchange is at present expended. Investment in education and training will be given a practical bias to provide a satisfactory career in agriculture for school leavers. Attention will also be given to credit institutions, agricultural machinery and implements, fertilizers and other inputs of agricultural production essential for modernizing small scale farming. The approach of the Federal Government to projects will be flexible and pragmatic and final selection of projects to be undertaken will depend upon expert investigations.⁺

⁺ For example, a major survey of the nation's agricultural potential is to be conducted by the F.A.O. and other technical assistance agencies.

The following paragraphs describe in somewhat greater detail the content of the programmes.

17. Federal agricultural research programmes are to be expanded at a planned capital cost of £1,462,000. Priority will be given to improved production of food crops, especially those which will improve the nutritional value of domestic foods. The existing research organisations will be strengthened and their activities closely geared to production plans.

18. The promotion of a more dynamic, modernised and diversified agriculture will depend not only on new tested production methods, but also on the availability of credit. The Federal Government has set aside £3 million to meet large-scale long and medium term needs. Care will be exercised to ensure that credit assistance given is in the nation's interest.

19. The Federal Fisheries Programme will be expanded giving emphasis to off-shore and coastal fishing. The objective is to make more fish from Nigerian sources available for distribution throughout the country. This will not only raise income derived from fishing, but will contribute directly to the correction of the protein deficiency in Nigerian diets, and will help to conserve foreign exchange. A comprehensive programme for ocean fishing includes projects to improve hydrological and hydro-biological knowledge of the ocean. This will be carried out both through Nigeria's new experimental fishing vessel and by a survey of African off-shore waters to be conducted jointly with other West African countries and with the assistance of International Agencies.

20. A major project will be the construction of an integrated fishing harbour at Lagos costing provisionally £700,000. This will facilitate the rapid and efficient loading and unloading of fishing vessels and the operation of modern, off-shore ships. It is expected that modern canning, freezing, fish-meal and fertilizer facilities will be installed by private enterprise. Improved

equipment, credit and training will be provided for Nigerian fishermen. The problem of improving the distribution of the catch will be attacked by experimenting with refrigerated transport units and cold-storage in major cities on the coast and inland. Improvement of inland water fisheries is also planned and provision is being made for the establishment of a number of fisheries station units at suitable places including Lake Chad and the Niger Dam Reservoir. The Federal Programme will be closely co-ordinated with the fisheries programmes devised by the Regional Governments.

21. Capital provision of £498,000 is made for an enlarged Forest Research and Development programme in which emphasis will be placed on increasing the yield and use of forest products. Long-range targets are to achieve an eighteen-fold increase of production within the next thirty years. Priority is placed on: more intensive use of forest resources, including artificial regeneration; improvement of existing species and introduction of new species; and reduction of the felling cycle. A new school of forestry will be started at the University College, Ibadan. On the production side attention will be given, in co-operation with Regional Governments, to training in more efficient logging and sawmilling, pole production and treatment to eliminate imports, more advanced processing of exported timber, not only to replace imports but also to earn more foreign exchange per unit of exports.

22. Veterinary Research will be expanded over the period at a capital cost of £322,000. The development side of the programme will concentrate on acceleration of livestock production and the improvement of the quality of meat and animal by-products. This will result in higher prices and income for livestock owners. Projects include animal feeding units, a pilot abattoir, skin preparation units, meat inspection, transport and distribution services and an expansion of training schemes. It should be noted that this programme is expected to make a large contribution to import replacement.

23. Over the Plan period the Federal Government will provide £2.3 million for the expansion of the work of the Niger Delta Development Board. The Board's work illustrates what it is hoped can be achieved with a larger, direct investment of funds in primary production. By determining scientifically the requirements and potentials of a specific geographic area, it is then possible to make a comprehensive and co-ordinated effort in that area. The Board itself will have a strong team of officers expert in the various fields of physical development applicable to the Delta area working in close co-operation with the various Departments of the Federal, Eastern and Western Nigeria Governments. Activities will include surveys, pilot projects and the preparation of an integrated plan, including the provision of suitable transport and distribution services. Preliminary investigations show promising prospects for the production of fish, rice and timber.

24. Mineral resource investigation is to be accelerated with a view to extending the knowledge of proven mineral sources and promoting their more intensive utilisation. A capital investment of £1.1 million is to be made to expand facilities for mineral and water surveys and to introduce an airborne geophysical survey to supplement other up to date methods in use in the systematic search for mineral resources.

25. Trade and Industry.

Investment		£44.2 million
of which	Iron and Steel Mill	£30 million
	Petroleum Refinery	£2 "
	Direct Participation in other projects	£5.3 "
	Development Bank	£5 "
	Technical Advisory Services	£1.4 "
	Coal Corporation	£0.5 "

26. Trade comes before aid, since trade generates savings so vital to the growth of the economy. A dynamic approach will therefore be adopted to tackle the problem of export promotion on two fronts:-

- (i) by aggressive salesmanship to open up new markets and to retain existing ones;
- (ii) by increasing the flow of export products, both old and new, primary or manufactured, which are in dynamic demand in export markets.

The increases envisaged in agricultural and industrial production for consumption and export together with the rapid expansion in imports which the execution of the National Plan will generate, will, unless close study and vigorous action are applied to internal trade and transport, lead to difficulties. The pattern and trends in the field of distribution will therefore be the subject of a comprehensive investigation to be followed by necessary changes.⁺ It is proposed, also, to establish an international trade fair in Lagos as an annual event.

27. In the field of industrial development the Federal Government has two principal objectives:-

- (i) to stimulate the development of industries which contribute directly and materially to economic growth;
- (ii) to foster the Nigerianisation of industry by providing facilities and giving every encouragement to Nigerians to participate to an ever increasing extent in the ownership, direction and management of industry.⁺⁺

28. Outstanding importance is attached to the development of an integrated iron and steel complex which would utilise Nigerian ores, limestone and power. This is a national project, second only in size and importance to the Niger Dam. Proposals for the establishment of such an iron and steel complex have been received /and are at

⁺ {See paragraphs 33 and 34.
⁺⁺

and are at present undergoing rigorous examination. The Government hopes that it will be possible to reach a decision within the next few months as to which proposal offers the greatest advantages to Nigeria. Present indications are that the Regional Governments will wish to participate and that private capital may also be forthcoming for investment in it, but its potential importance is so great that the Federal Government has set aside the full provisional cost of £30 million to ensure that questions of financing will not lead to avoidable delay, once selection of a viable project has been made.

29. The rapid growth of petroleum production in Nigeria has made possible the immediate establishment of an oil refinery. Agreement has, in principle, been reached with a major international oil company to construct such a refinery in full partnership with all the Governments of the Federation, at a total cost of about £12 million. Allocation is therefore made in the Programme for the Federal Government's share of £2 million.

30. Among measures to stimulate private industrial development, the Government is seeking to establish a Development Bank similar to those operating in a number of other developing countries. The Bank will seek to associate foreign capital, business and industrial experience with Nigerian capital and skill. It will seek to create attractive opportunities for investment of savings at present largely flowing into speculation in real estate and trading. It will work in close consultation with the Regional Governments and their Development Corporations and will be primarily concerned with medium and large-scale enterprises, although it may, working through expanded credit institutions, provide facilities for smaller scale industry. It is envisaged that the Bank will be established by the Federal Government jointly with private capital from other sources, both Nigerian and foreign.

31. The Government feels it to be of the highest importance that, quite apart from fostering the establishment of the Development Bank, Government itself should have funds readily available for direct investment where industrial projects of national importance emerge and where capital from other sources is not forthcoming or appropriate. £5.5 million is earmarked for such direct investment by the Federal Government. In all cases priority will be given to investment in those industries which, regardless of their individual size, will make a major contribution to the overall targets of the Plan.
32. The demand for Nigerian coal has fallen off sharply in recent years in the face of competition from other and more economic sources of energy. At the same time, the individual productivity of the labour force employed in the mines has shown a marked increase, thereby enhancing the competitive position of coal. £500,000 is allocated in the Programme, firstly to assist in financing research into industrial uses for Nigerian coal and, secondly, to provide for the opening of a new, modern mine should this be justified by demand prospects.
33. The Federal Government takes full cognizance of the need for Nigerian entrepreneurs to play full part in the implementation of the National Development Plan. It, therefore, intends to undertake a close study of the problems and difficulties which may hinder such full participation. Particular attention will be given to import and export trade and transport.
34. In the field of industry, it is recognised that more assistance will be needed for Nigerian entrepreneurs if they are to be fully involved in the industrial revolution which is about to begin. Particular attention will be given not only to the provision of capital, but also advisory services which are of equal, if not greater, importance. These should include product design, production lay-out and control, personnel and commercial management,

accounting, marketing and market research, etc. Full account will be taken of the needs of industry both large-scale and small-scale.

35. Education.

Investment £26.2 million which will be distributed in approximately the following percentages:-

Universities	48%
Scholarships	20%
Grants for Education in Regions	17%
Primary Education	10.5%
Technical Education	4%

36. The Federal Government recognises the vital importance to the whole nation of providing technical and higher education, without which skilled manpower required to further our economic growth cannot be made available. The investment envisaged is designed to fulfil the targets outlined in the Ashby Commission Report, as amended by Sessional Paper No. 3 of 1961. The Federal Programme has been co-ordinated in detail with the programmes of the Regional Governments and will in large measure be fully complementary to them.

37. Key targets to be achieved are:-

- (i) an expansion in the student body of the University College, Ibadan, from 1138 in 1961 to 3380 in 1967, together with the establishment of the University of Lagos.
- (ii) an increase in Federal Government scholarships to 14,600; and in post-graduate scholarships to 5500;
- (iii) an increase of 67,000 primary school places and 690 secondary grammar school places in Lagos;
- (iv) the establishment of 4 national high schools in various parts of Nigeria to serve the whole Federation;
- (v) the training of 5,000 technicians each year.

38. Of the total investment proposed, rather more than £8 million will be made available directly to the Regional Governments to assist in their education development programmes, whilst £10.1 million will be utilised for the development of all the Universities of the Federation.

39. Electricity.

Investment	£98.1 million
of which Niger Dam	£68.1 million
E.C.N.	£30.0 "

40. The industrial future of the nation is, to a very considerable extent, dependent upon the provision of an adequate and reliable supply of electricity at a reasonable cost. There is no question that over the last few years development in all fields has been seriously hampered by the lack of adequate power supplies. A recent survey has clearly indicated that the demand for electricity will double over the Plan period and will continue to increase sharply in the following years.

41. Pride of place in the whole Programme has, therefore, been accorded to the Niger Dams Project. The first stage of this project, the construction and commission of the dam at Kainji, is to be undertaken during the Plan period at a total estimated cost of £68 million. This provision includes the cost of the transmission system which will form the first stage of the projected national grid system for electricity. The Kainji Dam will ultimately be capable of producing 860 MW at the existing annual load factor of 55%. In combination with existing and new generating units to be constructed over the period, the dam will serve to satisfy the power requirements of Nigeria for the next twenty years. It is recognized that the rapid development of industry to which reference have been made in earlier paragraphs will not be practicable without the ample supply of power which the Dam will provide. It is also expected that the construction of the Dam will make possible a study of the economic potential of large areas in its immediate vicinity, and their planned exploitation. More directly, it is envisaged that improved agriculture, fishing, and navigation

* Report on Survey of Market for Electricity Supplies, December, 1959, by Merz and McLellan.

facilities will be among the benefits derived from it.

42. The Electricity Corporation of Nigeria will itself invest a total of £30.0 million over the Plan period, all of this being financed from its own resources. This sum will be devoted to the provision of additional distribution and generating capacity which will be required to meet demand during the years before the Kainji Dam is completed. In addition, this extra generating capacity, which will make use of the natural gases at Afam and Ughelli, will be used in later years as a balancing system to take peak loads.

43. Communications and Transport.

Investment		£129.6 million	
of which	Postal and Telecommunications	£30.0 million	
	Roads and Bridges	32.0	"
	Survey	1.9	"
	Inland Waterways Department	2.0	"
	Nigerian Railway Corporation	20.2	"
	Nigerian Ports Authority	23.6	"
	Marine, Coastal, Koko, etc.	0.8	"
	Approach Road to Koko	0.3	"
	Escravos Bar	6.6	"
	Civil Aviation	4.1	"
	Nigerian Airways	1.7	"
	Nigerian National Lines	6.4	"

44. The demand for telephone services is expected to rise by 13% per year. It is, therefore, proposed to invest £27.4 million in the telephone system to create the capacity to cope with this increase. This will permit the number of instruments in service to be doubled from its present figure of 75,000 to 150,000. The Programme also provides for an additional 42,000 trunk lines, the majority of which will be for the expansion of trunk dialling services between the major urban centres. At present telephone services are subsidised. In line with the general policy accepted by all the Governments of the Federation that the cost of economic services should be borne by the users, the tariff structure will be revised to make the service self-financing. Concurrent with this, the postal service will be expanded at a total capital cost of £2.3 million. This will be accomplished by the creation of forty-two additional Post Offices, and by the modernisation of existing Post Offices.

45. The Trunk 'A' road system in the country is planned to meet requirements over a 10-year period. Work will concentrate upon improving existing roads selected on the basis of a systematic rating system which takes into consideration such factors as traffic forecasts, engineering, social, safety and inter-territorial effects. During the period, it is intended to complete the Onitsha-Asaba bridge, to construct a second Mainland bridge at Lagos, in addition to an express route from Apapa to the Idiroko-Ikorodu road in order to facilitate access to the port. The Survey Division will accelerate their mapping of Nigeria by the use of aerial surveys.

46. Nigeria's inland waterways provide a potentially extensive, cheap and efficient means of transport. It is anticipated that, by the end of the Plan period, the average cost of river transport will be substantially lower than any other form of transport in Nigeria. This is contingent, however, upon industrial and agricultural development taking place near the waterways. In

/addition

addition, the costs of operation must be carefully related to the anticipated increase in traffic. The feasibility of establishing large industries by the Niger will depend in part on the potential of inexpensive river transport. With work on the Escravos Bar to be completed at a cost of \$6.6 million, and the Niger Dam Project, which it is anticipated will be started in the near future, increased traffic may result. This should come from agricultural development, the establishment of an iron and steel industry which will give rise to mining iron and limestone near the river, and an aluminium industry. At this time, these and other developments remain uncertain; but the future use of river transport is increased by relating the rate of investment to traffic growth.

47. Railway traffic is expected to rise from 1,366 million ton miles in 1961-62 to 1,740 million by 1966-67, an average increase of 5.4% per year. At present, Railway capacity is under-utilized, which has contributed to the deficit of recent years. Additional freight will raise total cost only moderately. For this reason, the railways provide the lowest cost transport service until their capacity will be fully utilized. The Railway's development programme has therefore been strictly related to the need to modernise its system and to improve operating efficiency. A total development programme costing £20.1 million has been prepared. Of this sum, the Corporation will provide £12.2 million from its own resources. This programme will permit the completion of the important Bornu extension. In addition, 14 diesel locomotives and 1,485 wagons will be purchased and track re-laying costing £4 million will be carried out.

48. The Nigerian Ports Authority programme has been accorded the highest priority within the transport sector. A conservative forecast indicates that traffic increases will be immediate and rapid. Congestion already exists in Apapa and, unless further facilities are provided, will develop at Port Harcourt by 1964. Congestion and delay in ports cause repercussions throughout the

economy. Not only are extra waiting charges incurred, but delays in the arrival of materials can substantially increase the capital and recurrent costs of other projects. This could be a serious obstacle to all development efforts, both private and public, as previous experience in Nigeria has demonstrated.

49. The programme is in two stages. The major section, Phase I, will be devoted primarily to the construction of four new berths at Apapa, and two new berths at Port Harcourt. Phase II of the programme will be for two additional berths at Apapa for use after 1967. Phase II will be further examined in the light of revised traffic statistics before its proposed commencement in 1964. It will then be necessary to decide whether to extend further the facilities at Apapa and Port Harcourt or to concentrate on the development of the Delta ports. By that time, the effect on traffic of the Niger Dams and the Escravos Bar projects will have been determined and the future of the proposed steel mill and aluminium smelter will be known. These considerations may indicate the desirability to the overall economy of shifting traffic to the Delta ports and rivers. The total estimated cost of this development programme is £23.6 million, of which the Authority will contribute £13.1 million from its own resources.

50. The Civil Aviation development programme is provisional as the air transport industry is a dynamic, rapidly changing system. Therefore, it is difficult to estimate with confidence future air traffic and type of aircraft operations. The provisional programme, costing £4.2 million, gives first priority to establishing a West African Regional Aeronautical Training centre. This will be undertaken in co-operation with the International Civil Aviation Organisation, which will provide comprehensive training for Nigerians in all aspects of airport and aircraft operation. The aviation communication system will be substantially expanded over the Plan period to increase safety of aircraft operation and, at the same time, to facilitate night operations so that greater utilisation of aircraft will be possible. The Lagos runway will be extended to accommodate larger jet aircraft, and the

first phase of the new Lagos airport terminal will be installed.

51. It is estimated that future domestic air traffic will increase at a rate of between 5% and 15% per year. The Nigeria Airways Corporation plans to complete the construction of an engineering base and hangar at Lagos and also to complete payment for the purchase of five F.27 aircraft. The Corporation is expected to provide from its own resources £1.43 million towards the total cost of £1.54 million requested to complete these projects.

52. As soon as it can be confidently expected that international traffic and competition would make increased international operations economically viable, the Corporation intends to charter jet aircraft for medium and long-range routes. In the meantime, £200,000 is allocated for the development of the international routes in Africa.

53. No major development is at present proposed for the National Line over the plan period in view of the fact that the world shipping capacity has caused rates to be reduced to a point where it would be uneconomic to expand the fleet. However, the Federal Government will allocate £1.1 million to the National Line so that if the situation should change during the period, the Company could add seven new ships to its fleet. The Company would contribute the balance of the purchase price from its own resources.

Services in the Lagos Federal Territory.

54. The Federal Government exercises a special responsibility for the welfare and administration of the Lagos Metropolitan area. In considering all projects relating to the area, every effort has been made to produce a fully integrated programme.

55. Major factors which condition the problems occurring in

Lagos include:-

- (a) The inter-relationship between a rapid increase in population and the expansion of Government, commercial and industrial activities.
- (b) The increase in population is outstripping the provision of new facilities. Health services, housing, schools, transport, water supplies and markets are already inadequate. Despite very substantial investments the situation is liable to deteriorate further if the population continues to increase at the present rate.
- (c) The relatively large proportion of high income groups combined with land shortage, the exorbitant cost of land reclamation and the high cost of building has resulted in price levels quite beyond the means of the ordinary citizen.

56. Measures to be taken during the Plan period to attack this problem include the following:-

- (a) The Lagos Executive Development Board will undertake a dynamic and imaginative programme by which a total of some 13,000 houses together with about 6,000 building plots will be made available over the Plan period. It is of particular significance to note that no subsidies will be involved. Capital costs during the period will exceed the sum generated by the programme itself by £3.21 million.
- (b) The financing requirements for house mortgages will be developed by the Federal Government investing £1.5 million in the

Nigerian Building Society and £1.8 million in the African Staff Housing Fund. Both of these will thereafter become self-sustaining.

- (c) The first phase of a water-borne sewerage system will be installed by the Lagos Town Council at a capital cost of £1.5 million. A rating scheme will be introduced to cover the economic cost of the project.
- (d) The Ministry of Works will invest £1.8 million in the Lagos Water Supply to increase supply from 24 to 40 million gallons per day. A Water Board will be established and rates adjusted to make this an economically self-sustaining programme.
- (e) The United Nations has been requested to provide a team of experts to investigate related traffic and land use problems.

Health Services.

57. The approach to health problems must not be regarded merely in terms of curative and preventive medicine. The programme for primary production whose aim includes improved diets and increased protein consumption is of signal importance. Similarly, the provision of pure water supply systems and of sewerage schemes will constitute major factors in bringing better health.

58. A total capital provision of £8.8 million has been set aside for health services. The major projects are designed to provide medical schools that will increase the output of qualified doctors. The target for the Nation as a whole is to reduce in the shortest possible time the ratio of doctors to persons from the present level of 1 : 32,000 to 1 : 10,000. In order to realise this target, a total capital allocation of approx. £6.0 million has been made to expand the training facilities at the University College

/Hospital

Hospital and to transform the new Lagos Mainland Hospital into a teaching hospital. It is estimated that by 1970 these two institutions will produce 200 qualified doctors every year compared to the present Nigerian output of only 30 annually.

59. In addition to this training programme, facilities will be built to train nurse tutors, and pre-clinical and post-graduate students in medicine and surgery. Also, research and training in preventive medicine will be co-ordinated by establishing new national institute of preventive medicine.

60. The Federal Government intends to construct dual-purpose health centres in the Lagos metropolitan area. The central hospitals are greatly overcrowded at the present time, as they serve more than Lagos inhabitants. Over half the persons attending them come from outside the metropolitan area. One of the main purposes of the new health centres will, therefore, be to treat all minor complaints and thereby relieve the out-patients departments of the hospitals. At the same time, they will act as centres for health and social welfare visitors and will provide local education and training in sanitation, personal hygiene and child welfare.

Information.

61. The Information development programme costing £2.3 million has three projects. First is completion of the external broadcasting system focusing on Africa in the first phase. Broadcasts are planned for two hours daily in four languages. Second is the installation of a large medium wave transmitter in Kaduna to provide national coverage for the National Broadcasting Corporation thereby replacing the smaller transmitters which are now wearing out. Third is completion of television services based in Lagos. Major efforts are being directed at reducing the overall cost and, therefore, deficit of these operations.

MANPOWER.

62. No Development Programme can achieve success unless careful and detailed consideration has been given to the problem of ensuring the availability of manpower and the executive capacity to implement it. In preparing its Programme, the Federal Government has been fully cognisant of the need to take this factor into consideration, not only in regard to the present Programme but also in anticipation of the requirements of the Second and Third National Development Plans which are to follow. The Plan includes important measures which will be undertaken during this Plan period to produce an adequate supply of trained Nigerians to fill both the public and private sectors of the economy in the years to come. Nevertheless, it is recognised and appreciated that in the immediate future the recruitment of a certain number of foreign specialists will continue to be necessary. The whole problem will be kept under continual review throughout the period and, to this end, it is the intention of the Federal Government to establish at an early date the proposed Manpower Board. (1)

63. In preparing its Programme for incorporation in the National Plan, the Federal Government has taken into consideration the necessity to reflect to the highest possible degree the importance of adopting a national, as opposed to a purely local, viewpoint. To this end, it has attempted - and will continue to attempt - to provide a dynamic lead to the Regional Governments.

(1) Sessional Paper No. 3 of 1961. Educational Development 1961-70.

FEDERAL GOVERNMENT OF NIGERIA

DEVELOPMENT PROGRAMME

1962/1968

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FEDERAL GOVERNMENT OF NIGERIA
ECONOMIC DEVELOPMENT PROGRAMME - 1962-68

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FEDERAL GOVERNMENT OF NIGERIA
ECONOMIC DEVELOPMENT PROGRAMME - 1962-68

Introduction

The Economic Development Programme of the Federal Government is an integral part of the National Economic Plan. Its formulation has followed the same set of criteria as that applied to the Regional Plans and its projects were, as far as feasible, integrated with each other and with the Regional Programmes.

2. The Federal and the Regional Plans emerged from the decision of the National Economic Council made at its Tenth Meeting in 1959 to initiate the National Plan with the objective of the achievement and maintenance of the highest possible rate of increase in the standard of living and the creation of the necessary conditions to this end, including public support and awareness of both the potential that exists and the sacrifices that will be required.

3. The major objectives of the First National Plan are to maintain or surpass the average rate of 4% per year in the growth of Gross Domestic Product which was achieved during the past ten years. Only the achievement of a substantial rate of growth of the economy will make it possible to raise the average standard of living and to provide the Nigerian people with the means for increased employment, and improved Education and Health. In order to achieve this rate of growth, the Government has recognised that as large a volume of resources as possible must be shifted into directly productive sectors, particularly agriculture, industry and technical education. Therefore, every action programme has been scrutinised for its ability to contribute to growth and to achieve its targets with the least possible cost.

4. The achievement of a high rate of growth in the economy is also a necessary condition of increasing the control which Nigeria has over her own economy, by introducing greater

diversification and increased flexibility and adaptability to changing conditions.

5. Each project and programme was therefore analysed as far as possible for its economic and financial returns, for its consistency with other programmes and projects, for its feasibility and for its effectiveness in achieving its target.

6. The size of the Federal Capital Programme amounts to £407 million. This sum includes the expenditures which will be financed by Statutory Corporations, Nigeria Airways and the Nigerian National Line out of their own internal resources. It is therefore larger than the amounts that will be requested for the Capital Budget. The expenditure to be incurred directly by Government is expected to amount to £229 million, or 56% of the total. The size of the Programme was determined by the available resources expected to be available, and the expected feasibility of execution. The domestic resources which the Federal Government intends to mobilise to finance its Development Programme are summarised as follows:-

Total Recurrent Revenues, 1962/68	£487 million
<u>LESS</u> Recurrent Expenditures	<u>£460 million</u>
Available for Capital Development from Recurrent Surplusses	£27 million
Internal Resources of Statutory Corporations	£80 million
Domestic Borrowing and Central Bank	£63 million
Mobilisation of Nigerian External Resources	£10 million
Other Accumulated Federal Government funds	<u>£20 million</u>
TOTAL	<u><u>£200 million</u></u>

7. It has been envisaged that approximately half of the total capital expenditure for the public sector of the economy will be financed by external assistance.

8. The necessity of achieving the substantial rate of growth has dictated the following allocation of resources.

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FEDERAL CAPITAL EXPENDITURE PROGRAMME

1962-68

Distribution by Sector

£ million

	1955-61 Programme		1962-68 Programme	
	Actual Expenditure 1955-61	%	Planned Expenditure 1962-68	%
<u>I. ECONOMIC</u>				
1. Primary Production	1.2	0.8	20.5	5.0
2. Trade and Industry	3.8	2.6	44.0	10.8
3. Electricity	7.0	4.8	98.1	24.0
4. Transport	40.9	34.0	103.6	25.4
5. Communications	12.1	8.3	30.0	7.4
6. Water excl. Irrigation	2.0	1.4	1.8	0.4
<u>II. SOCIAL OVERHEAD</u>				
7. Education	6.8	4.6	26.4	6.5
8. Health	2.9	2.0	10.4	2.6
9. Town & Country Planning	17.4	11.9	20.6	5.1
10. Social Welfare	0.4	0.3	2.7	0.7
11. Information	1.0	0.7	2.3	0.6
<u>III. GENERAL ADMINISTRATION</u>				
12. Judicial	0.1	0.1	0.3	0.1
13. General Government	35.7	24.4	43.9	10.8
<u>IV. FEDERAL OBLIGATIONS</u>				
14. Financial Obligations	6.1	4.1	2.4	0.6
T O T A L	146.3	100.0	407.0	100.0
I. Development	76.0	51.9	298.0	73.0
II. Social Overhead	28.4	19.5	62.4	15.5
III. General Administration	35.7	24.4	44.2	10.9
IV. Financial Obligations	6.1	4.1	2.4	0.6
T O T A L	146.3	100.0	407.0	100.0

A total of 73.1% is allocated to those sectors which contribute directly to economic growth. 15.4% is allocated to those sectors which contribute directly to the training and welfare of the people without affecting growth directly. 10.9% is allocated to general government expenditures and less than 1% will be required for financial obligations. This represents a substantial shift from the actual expenditures for 1955/61 as shown in Table 1.

9. The uncertainties of the future, as well as lessons from past experience, require that the execution of the programme should be subject to constant review and re-evaluation in the light of changing circumstances. Government is now considering the means by which this may be effected.

Programme by Sectors.

10. In accordance with the classification of the capital budgets to be used for the National Plan, 1962-68, programmes are grouped according to where their major function lies, regardless of where administrative responsibility may be.

I ECONOMIC DEVELOPMENT EXPENDITURE

A. Primary Production

11. Over four-fifths of the population of Nigeria depend on, and more than half of its Gross National Product is derived from agriculture, forestry, livestock and fisheries. The expansion and modernisation of agriculture and related production is of crucial importance to the development of the Nigerian economy. The proceeds from export products will determine to a large extent the volume of imports which can be made available for economic development in other sectors; the efficient expansion of domestic food production will determine not only whether the Nigerian people will eat better, but also whether they can effectively reduce dependence on imported foodstuffs;

the increased productivity of agriculture will determine whether the income of the great majority of the people can be effectively raised and this will in turn determine the size of the domestic market for the new industries which are expected to spring up.

(1) Agricultural Research.

12. Agricultural research has been a traditional function of the Federal Government. It has performed this function directly through its own Research Institutions and indirectly through its support of the Inter-territorial Research Institutes. A greater effort is required to expand and make available the knowledge needed on the fertilizers, pesticides, improved seeds and improved farm practices which will work under Nigerian conditions.

13. The Federal Research Departments have in the past concentrated on improvement of domestic food crops. The work on the staple food crops, cassava, yams, maize and rice, will continue. In addition, a major effort is being made to expand in particular rice production and the production of other domestic foodstuffs of high nutritional value, such as potatoes and legumes.

14. In the present Economic Programme, special emphasis will be placed on soil fertility and fertilizer studies and the breeding of improved seeds. This work will supply much needed knowledge and will be closely co-ordinated with the activities of the Regional Governments. Its findings are expected to provide the basis for a major fertilizer programme which itself will form the basis for expanded fertilizer production.⁺

⁺ Some work in this field is at present being organised in Nigeria by the Food and Agricultural Organisation of the United Nations.

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15. The Federation's support of Inter-territorial Research Institutes has resulted in a large expansion of cocoa production through the introduction of new varieties and of disease-control methods. It has resulted in the supply of improved oil palm seedlings and oil processing equipment. It is intended to establish an additional research institute specialising in rubber.

16. In order to provide a broad-based attack on the problem of modernisation of agriculture, a major survey of agricultural possibilities in Nigeria will be undertaken by the Food and Agricultural Organisation of the United Nations with the full co-operation of the Governments of the Federation.

17. The allocation for Federal Agricultural Research is £1,463,000.

(2) Veterinary Research.

18. Livestock production is a major means of livelihood in the Northern Region. As the standard of living rises, the demand for higher quality foods, particularly for meat, dairy products, poultry and eggs, is expected to increase.

19. The Federal Government's Programme fits into the general National Plan through marketing research, research on improved nutrition and on improved stock. All of these directly lead to higher incomes for producers.

20. The Federal Department will continue its programme for vaccine production and training to control animal diseases. The Federal Government is also participating in a major campaign for the eradication of rinderpest organised on an international basis. In addition, the Department will, in co-operation with the Regions, provide better breeds of cattle, poultry and pigs to be distributed to the Regional breeding

centres. It will also work on questions of improved milling and distribution of feedstuffs. It will provide beef-fattening units for nutritional research, a pilot abattoir, and a skin preparation unit. The total capital cost is set at £322,000.

(3) Forest Research.

21. The importance of the forest resources of the country, both for exports and for domestic use, cannot be overstated. As the level of personal incomes rises it must be expected that the demand for domestic use will grow rapidly and provision must be made for this. The annual per capita consumption is likely to rise from 1.4 cubic feet in 1959/60 to 15.5 cubic feet by 1991. The more detailed targets are given in the following table:-

Table No. 1.

FOREST PRODUCTION - 1960/1991

(millions of cubic feet round wood equivalents)

<u>Type of Product</u>	<u>1959/60</u>	<u>1991 Targets</u>
Fuel	720	1,300
Poles	36	648
Sawn Timber for local use	15	270
Sawn Timber for export	4	6
Logs for Export	17	22
Plywood for Export and local use	1	10
Pulp Woods	0	7
Per capita consumption per year	1.4 cu.ft.	15.5 cu.ft.

22. The research required to meet these targets will include problems of forest regeneration, the improvement of existing species, the introduction of new species and a considerable reduction of the felling cycle. In addition, experiments are being carried out on the utilisation of mangrove swamps for pulping. The present wood utilisation laboratories will be expanded and will concentrate on the problem of pulp woods, especially in the Delta area. The success of these experiments will be essential to the establishment of a viable paper industry for Nigeria. In addition, attention will be paid to improved logging, sawmilling, processing and preservation. The new School of Forestry at University College, Ibadan, will train the necessary manpower. It will be seen, therefore, that the potential effect of the small expenditure of £498,000 is likely to be very great.

(4) Fisheries.

23. The development of Nigeria's off-shore fish resources is tackled along three major lines. First, although at present substantial amounts of fish are caught, a systematic hydrological and hydro-biological survey of Nigeria's coastal waters is essential. Nigeria's new experimental fishing vessel will take part in this survey, which will be carried out in co-operation with other West African countries and with the assistance of international agencies. The central project however, is the construction of an integrated fishing harbour in Lagos at the cost of £700,000. The efficient operation of modern fishing fleets requires the rapid loading and unloading of fishing vessels and the immediate processing of the catch. The prospective construction of the fishing harbour has already attracted serious enquiries by foreign private capital for the establishment of modern canning, freezing, fishmeal and fertilizer factories which will substantially add to export earnings, provide employment and improve the Nigerian diet.

24. Thirdly, intensive training will be provided for Nigerian fishermen. It is expected that a training school will be erected in Lagos and that Nigerians will be sent overseas for training until the school is completed. Other facilities include improved roads and fishery equipment, together with supervised credit for Nigerians. In connection with the expected rapid expansion of ocean fishing, experiments will be made with refrigerated road and river transport and with storage units throughout the country. Attention will also be given to research aspects of inland fisheries, particularly with reference to Lake Chad and the Kainji Dam Reservoir.

(5) Development of Primary Production.

25. On the development side the Federal Government now intends to play a larger and more positive role in direct agricultural production. In considering its role here, the Federal Government has decided on this course in the light of several factors: the decision of the National Economic Council that priority should be given to agriculture in the National Plan; the growing volume and value of imports of products of agricultural origin which could, with energy and planning, be produced within Nigeria and therefore reduce or eliminate the expenditure of scarce foreign exchange on imports of these products; the pressing need to create the prospects of satisfactory careers in agriculture for educated young Nigerians; the need to provide a greater quantity and variety of food, particularly with reference to balance the nutritional needs and to restrain movements in prices of food. Attention is also to be given to the anticipated growing demands by industry for agricultural raw materials. For full and effective participation provision of £10 million has therefore been made in the Plan for capital expenditure and £15 million for recurrent expenditures. It is expected that the Federal Government's activities in this field which will be closely co-ordin-

ated and pursued jointly with the Regional Governments, will include pre-investment investigations such as aerial and topographic surveys and mapping, soil surveys, the provision of additional facilities for agricultural education and planning with a more practical bias, participation in the establishment of plantations and farm settlements, the provision of medium and long-term credit for large-scale projects, investigations into the use and production of fertilizers and so on. Each of these projects will be selected in the light of their maximum-contribution to growth in the agricultural sector. To accomplish these aims an executive organisation will be established in Lagos, with representatives posted to the Regions, to accelerate action in close consultation with the Regional Governments.

26. In the field of import replacement, it is felt that considerable saving in foreign exchange could be effected by the expanded production in Nigeria of such agricultural products as potatoes, wheat, onions, coffee, poultry, beef, dairy products. These will involve practical research followed by pilot experiment and large-scale production of improved seeds, the testing, multiplication, grading and distribution of improved seeds and standardised animal feeding stuff, cold storage and distribution services for meat, fish, pork and poultry. In regard to raising export earnings, it is estimated that approximately £1 million worth of timber is lost annually, as a result of inefficient logging and sawmilling methods. The Federal Government therefore plans, in co-operation with the Regions, to provide special training and demonstrations in efficient logging and sawmilling. Furthermore, recent calculations show that not only is Nigeria still importing considerable quantities of processed timber, but that large amounts of foreign exchange are lost as a result of the low level of processing of Nigerian timber exports. It is intended to encourage the development of the complementary industrial units which together with

current and prospective research and experimental activities will eliminate imports and raise the earning capacity of exports of forest products. The location of large-scale development projects will require comprehensive aerial studies of suitable parts of the country, particularly for river valley projects, accompanied by soil analysis and testing to determine soil deficiencies, the appropriate use of fertilizers and the possibilities of mechanisation. In this connection the Federal Government also has in view the possibility of establishing a special centre for research and development of agricultural implements and machinery appropriate for use in Nigeria.

(6) Niger Delta Development Board.

27. Preliminary investigations have indicated a number of promising development possibilities in the Delta area, particularly in the case of rice, timber and fish production. In order to make a systematic survey of the possibilities of the area as a whole, the Niger Delta Development Board will undertake a series of investigations, in co-operation with the responsible Regional Governments, which are expected to lead to the suggestion of carrying out specific projects. The Board will concentrate its efforts in the field of primary production together with the related problems of transport involved in the distribution and marketing. Once schemes have been carefully investigated and their economic viability established, they will be referred to appropriate governments for implementation.

28. The total amount allocated as a grant to the Niger Delta Development Board for both capital and recurrent expenditure over the Plan period, is £2,323.m. The first phase of the Programme will consist of establishing adequate headquarters and housing for the Board's staff and the preliminary study and planning proposed investigations into development possibilities. The second phase will be the recruitment

of experts to undertake the various technical studies required. The final stage of the Board's activities will consist of a series of pilot projects to test the viability of the experts' findings.

(7) Statistics.

29. The Federal Office of Statistics requires £100,000 for the construction of buildings to house expensive tabulating and calculating machinery, and for records and offices. In Chapter 10 reference has been made to the difficulties encountered in formulating this Plan, due to the paucity of that reliable statistical data which is essential for all aspects of economic planning. During the Plan period the Department will be enlarged and, in addition to the expansion of its present activities, will undertake, in co-operation with Regional authorities, a major rural economic survey. It is expected that the new equipment will reduce substantially the time consumed in processing data for policy-making purposes.

(8) Special Economic Research Fund.

30. The preparation of the present Plan has required that a series of careful studies be undertaken on such subjects as the Niger Dam, Transport Co-ordination, Education, etc. The preparation of the second National Plan will require a series of major studies to guide policy. £500,000 has been set aside for such essential work.

(9) Nigerian Institute of Social and Economic Research.

31. Closely connected with the special economic studies mentioned above, will be the expansion of the present Nigerian Institute for Social and Economic Research into the major National Institute of Applied Research on Nigerian development problems. The Institute will concentrate its attention upon long-range problems of the Nigerian economy with particular reference to the National Plans. It is intended that the Institute will operate independently from Government, but that

its research programmes will be prepared in close consultation with Government. It is also expected that the Institute will provide valuable training for the staffing of planning organisations. A sum of £200,000 has been provisionally allocated by the Federal Government for the financing of the important work.

(10) Geological and Water Survey.

32. Nation-wide surveys of Nigeria's mineral and water resources are of paramount importance to the future development of the country's potential. It is intended therefore to accelerate, by the adoption of the latest geophysical and geochemical techniques, the systematic geological mapping and field exploration which is now being carried out by the Ministry of Mines and Power.

33. Also included in this work will be a survey of underground water resources. This work, which is particularly important to the Northern Region, is an essential pre-requisite to large-scale planning to agriculture and forestry resources development, especially those requiring irrigation works. The potential contribution of successful water use as a result of these surveys, is expected to be considerable. The total amount set aside for geological and water surveys is £1.007 million.

(11) Mineral Development.

34. The discovery of major resources of oil and natural gas in Nigeria and their development on a large scale, requires that the divisions of dealing with petroleum and other mineral resources should be expanded to provide advice on economic, financial, legal and engineering questions of the petroleum industry, as well as to accelerate and promote the economic utilisation of other mineral resources. The Ministry will also expand the Jos School and Laboratory of Mines to accelerate the training of Nigerian officers. In addition, the

possibility of providing services, credit and technical advice to facilitate the growth of small Nigerian-owned mines is being considered. As the petroleum and other mineral industries grow, the Inspectorate Division must also be expanded to comply with international and domestic safety regulations.

35. The following table summarises proposed capital expenditures on primary productions:-

	<u>£'000</u>
Agricultural Research	1,462
Agricultural Production Projects	10,000
Agricultural Credit	3,000
Forestry	498
Fisheries	885
Veterinary	322
Statistics	100
Development Research & Services	500
Nigerian Institute of Social and Economic Research	200
Niger Delta Development Board	2,323
Geological and Water Survey	1,007
Mineral Development & Inspectorate	<u>169</u>
	<u>£20,466</u>

B. Trade and Industry

36. Together with agriculture, the development of trade and industry has been accorded highest priority in the National Plan. The Federal Government's major aims in this sector may be summarised as:-

- (i) to stimulate the establishment and growth of industries which contribute both directly and materially to economic growth.
- (ii) to enable Nigerians to participate to an ever increasing extent in the ownership, direction and management of Nigerian industry and trade.

37. The following are cited as major examples of the various methods which the Federal Government will adopt to achieve these goals:-

- (a) Government will establish an integrated iron and steel complex and will participate in the establishment of an oil refinery.
- (b) Government will provide funds for direct participation in industries as the occasion arises.
- (c) Government will organize a Development Bank that will lend to industries and act as one channel for foreign capital.
- (d) Government will establish an Insurance Company.
- (e) Government will provide for important services to trade and industry through research facilities, trade fairs and the like.

/(f)

- (f) Last, but not least, Government will formulate through legislation policies to stimulate the growth of private industries.

(1) Direct Government Participation in Industry

(a) Iron and Steel Mill

38. Substantial progress has been made in the formulation of the establishment of a viable iron and steel complex that will use Nigerian ores, limestones, electric power and coal. Government has invited international competition for a viable project and several proposals have been received. While it is not possible at this time to specify the project which may finally be selected, sufficient progress has been made to be certain that a decision may be made within a few months. It is expected that the project will be jointly financed by the four Governments, and in addition that private capital may participate. To ensure the minimum possible delay in commissioning the mill, the Federal Government has set aside the full expected cost of £30 million for this purpose.

39. At the present time, it is expected that the mill will have a capacity of between 125,000-250,000 tons, and that it will concentrate on the manufacture of black and corrugated sheets, rods and bars, angles and channels and other structural steel. The following table gives the imports of major categories in 1960 and the expected demand for those products which could be domestically produced in 1967 and 1975:-

Table No. 2

	<u>IMPORTS</u>	<u>EXPECTED DEMAND</u>	
	<u>1960</u>	<u>1967</u>	<u>1975</u>
	<u>'000 t.</u>	<u>'000 t.</u>	
Merchant products	3.5	6.6	10.1
Black Sheets	3.0	11.0	18.0
Corrugated Galvanized Sheets	39.9	40.0	40.0
Reinforcing Rods	35.0	52.9 - 87.2	87.4 - 161.4
	81.4	110.5 - 144.8	155.4 - 229.5
Aluminium sheets, asbestos cements and lighter weight sheets expected to compete.			
Excludes large size angles, beams, channels; all forgings pipe and wire.			

40. The earliest year in which the steel mill can come into operation will be 1966, and it will reach full capacity output in 1970 or 1971. Depending on the growth of the construction industry, the demand for reinforcing rods will have risen between 100% and 200% by the time the mill is commissioned.^b In addition, there is a possibility of producing wire and certain other shapes. The demand for steel generated by both public and private activities resulting from the National Development Plan is expected to exceed the mill output.

41. Until a specific project is selected, exact profitability calculations cannot be made. However, some figures will indicate the substantial indirect effects which the steel complex will cause throughout the economy. The production of 125,000 tons of steel will require no less than 242,400 tons of iron ore, 75,200 of limestone, and 110,000 tons of coal. If the complex is located in the Onitsha or Lokoja areas, it would add about 53 million ton miles to river traffic, an increase of nearly 45% over the traffic carried in 1960. The mill will require about 13% of the installed electric generating capacity of the Kainji Dam and will add about 27% to the electricity demand expected in 1971/2. Direct employment will be provided for about 1,500 people. A larger steel complex will raise these figures.

42. The size of the steel complex and its repercussions throughout the economy make it essential that the greatest care is taken in evaluating the proposals submitted with a view to selecting the mill most suitable to Nigerian conditions.

(b) Petroleum Refinery

43. In 1960, Nigeria imported £9.427 million worth of

/various

^b The demand for reinforcing rods has tripled in the last seven years.

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various mineral fuels for domestic use only. The domestic market has thus grown sufficiently to permit the efficient operation of a refinery based on Nigerian petroleum. The chemical composition of Nigerian petroleum will permit the domestic production of the following types of refinery products some of which may be partly exported: motor spirits, kerosene, gas oil and some diesel oil and fuel oil. This will not eliminate the need to import other types of refinery products. The refinery is expected to come into operation some time in 1964 and may be near full operation in 1965. Its capacity is projected at between $1\frac{1}{4}$ and $1\frac{1}{2}$ million tons, and its cost is set at £12 million. The cost of the refinery will be borne jointly by the four Nigerian Governments and a major international oil company. The Federal Government's share of the cost is £2 million.

44. The following summarises the benefits which are confidently expected once the refinery is brought into operation:-

- (a) The refinery is expected to yield a profit in economic and financial terms over and above taxes and royalties.
- (b) It will also represent a very substantial import saving: mineral fuel imports are expected to reach the level of £11.7 million in 1963, the last year before the refinery is expected to come into operation and it is anticipated that they will fall to £3.4 million by 1965.
- (c) It is also expected that Nigerian refined petroleum will be exported to neighbouring countries.

45. Since petroleum refineries are highly capital intensive and automated, the direct employment impact is unlikely to prove significant. However, the effect on river traffic is likely to be considerable. The improved navigability of the river resulting from the construction of the Dam at Kainji will, by lowering the river transport cost, further add to the use of river transport services for the movement of refinery products to the Northern Region.

(c) Coal Corporation

46. The emergence of alternative sources of energy has substantially reduced the demand for coal. Although the Corporation has succeeded in increasing the productivity of its labour force, it is most unlikely that the trend of demand for coal for fuel can be reversed, particularly as Nigeria possesses substantial reserves of high quality petroleum and natural gas. The major factor that has led to a decline in the demand for Nigerian coal has been the conversion to oil by the Railway and Electricity Corporations, as well as by private industries, to which should be added the decline in export demand. Even if the steel mill should use between 100,000 and 150,000 tons of coal each year, the present annual rate of production of 672,000 tons should be ample to satisfy this and all other foreseeable requirements.

47. Government has allocated £500,000 to the Coal Corporation. This sum will be used first to assist research into new industrial uses for Nigerian coal; secondly, to prepare the opening of a new mine should prospects improve enough to warrant expansion and, thirdly, to mitigate the impact on employment of the decline in demand.

(d) Mint and Security Printing

48. With Nigeria's changed status as an independent Nation, it is essential to establish a mint and facilities for security printing. The establishment of these two institutions will require £300,000.

(e) Other Direct Government Investment in Industry.

49. Government feels it to be of the highest importance to have funds available for direct investment where industrial projects of national importance emerge, or where adequate Nigerian private capital is not readily forthcoming. For this purpose, the sum of £5 million has been provided in the Federal Plan. It is intended that this amount will be used principally to establish new plants in viable projects of strategic importance in development where lack of funds may seriously delay them. As far as possible, allocations will not be made from this provision for the buying out of existing plants. In all cases, priority will be given to investments in industries which, regardless of their size, will make a major contribution to the targets of the Plan. In suitable cases, the Federal Government will consider the possibility of selling its shares in plants established with these funds to private Nigerian investors under certain safeguards. This will have the effect of releasing funds for further investment in industry.

(2) Development Bank and Insurance Company.

(a) National Development Bank.

50. The time is ripe to establish a National Development Bank along the lines of the successful banks which have already been set up in other developing countries. For this purpose, Government has set aside £4 million. The Bank will be established jointly by the Federal Government, Nigerian private investors, and foreign private capital. It is hoped that the National Development Bank will enjoy the active support of the International Bank for Reconstruction and Development, the International Finance Corporation, and other international development institutions.

51. The Bank will seek 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 opportunities 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. Although the Bank will evaluate proposals on commercial principles, it will stand ready to finance enterprises which cannot get funds through regular commercial channels either because such channels do not exist or because the risks are deemed unattractive for private financing.

52. It is intended that the National Development Bank will work closely with the various Regional Governments and the Regional Development Corporations. Although it will be primarily concerned with medium- and large-scale enterprises, it is expected that it will provide some facilities for smaller scale industries through other expanded credit institutions.

(b) Insurance Company.

53. The sum of £1 million is provided for the creation of an Insurance Company which will undertake the insurance of Nigeria's export crops. Government has thus taken cognizance of the need to conserve Nigerian foreign exchange resources for purposes of the development of the Country.

(c) Federal Loans Board.

54. Government intends to aid small Nigerian businessmen in trade, industry, construction and transport through the Federal Loans Board, to which £500,000 has been allocated. The Federal Loans Board will deal primarily with enterprises which are too small to fall within the purview of the Development Bank. Measures for the improvement of the financial and advisory services of the Federal Loans Board will be studied.

(3) Government Services to Industry.

55. The lack of capital is only one of the elements that have hampered the expansion of Nigerian private enterprise. In addition to the forms of financial aid envisaged above, it is intended that the technical and advisory services provided through an expanded Federal Institute of Industrial Research will be complemented by the programmes of the Institute of Management and Administration, which is discussed under the Education head. £400,000 has been set aside to develop a site in Lagos for an International Trade Fair which is to be made an annual event and which will provide the market information and contacts needed by expanding industries.

56. Although this document refers primarily to the Capital Programme, it must be realized that, as with agriculture, the provision of advisory services on a variety of technical and managerial problems is essential to the success of the industrialisation programme. Without such advisory services, which are provided under recurrent budget heads rather than under the capital programme, Nigerian businessmen could only with the greatest difficulties overcome the handicaps which have kept their expansion into trade, transport, construction and manufacturing at a painfully slow pace. The expansion of advisory and technical services on product design, production layout, production control, personnel management, accounting, marketing and the numerous business problems is receiving special attention.

57. Nigerian businessmen as well as potential foreign investors are aided by market studies. Several such preliminary studies have been made in the course of the preparation of the Plan. It is expected that this activity of Government will be continued on an expanded scale. The Federal Government is also considering in what way it could assist the development of Nigerian technical and managerial services on private initiative.

(4) Incentive Legislation.

58. Government policy does not exhaust itself in the indirect or direct aids to industry and trade mentioned in Sections (1) through (3). Incentives complement the provision of capital and services. Government has for many years provided such incentives through Pioneer Industries and Import Duty Relief Ordinances. The working of the ordinances is to be kept under constant review and legislative and administrative changes to make them more effective are now being examined.

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59. The following table summarizes the proposed capital expenditure on Trade and Industry :-

Iron and Steel Industry	£30.000 million
Petroleum Refinery (Federal share)	£2.000 million
Coal Corporation	£0.500 million
Direct Investment in Industry	£5.000 million
National Development Bank	£4.000 million
Insurance Company	£1.000 million
Federal Loans Board	£0.500 million
Federal Institute of Industrial Research	£0.330 million
International Trade Fair	£0.400 million
Mint and Security Printing	£0.300 million
<u>T O T A L</u>	£44.030 million

C. Electricity

(1) Niger Dam

60. The First National Plan will see the beginning of the development of the river that has given the nation its name. The Niger Dam project has been aptly described as the cornerstone of the Development Plan. Although the provision of electricity will by itself justify the construction of this great scheme, it should be viewed as part of a major river development project which will unfold over several decades.

61. The first stage of the development will be a dam at Kainji with a power station of four 70 MW generating units initially. A system of locks to enable barges to bypass the dam will be provided. The dam will create a major reservoir which will be suitable for fishing and will provide water for irrigation. It will also materially add to flood control.

62. As the demand for electricity grows, the installed capacity of Kainji will be raised to 980 MW requiring an additional ten generating units. Unless there are unforeseen developments which require that the utilization of Kainji be accelerated (the establishing of a major aluminium smelting plant), the power potential of Kainji will be exhausted in 1980. By 1982, the second dam at Jebba should be commissioned. It will add 500 MW to installed capacity when all ten generating units are installed. Additional benefits which it will provide include a second bridge across the Niger, together with the completion of the navigation control downstream to the confluence of the Benue River. The third stage provides for a dam at the Shiroro Gorge. This will be essentially a power project only. The total installed capacity, once the three stages have been completed, will be 1,730 MW.

63. Electricity consumption has grown rapidly during the past decade and it is expected that its growth will continue to increase rapidly. It will almost certainly double over the Plan period, and will continue to increase sharply over the following years, depending upon the rate of acceleration of industrial development.

64. The cost of the Kainji dam, which includes also the first stage of a national power grid, will be £68.1 million, divided as follows:-

Cost of Kainji dam, including four 70 MW generating units	£39.9 million
Transmission Lines	£12.8 million
Navigation installations	£6.3 million
Reservoir Clearance	£0.9 million
Financing Cost	£8.2 million
	<u>£68.1 million</u>

65. The dam will be constructed during the Plan period and come into operation in 1967/8. By that time, the demand for electricity will have risen to at least 2,140 million KWh over the two years, even without the additional consumption which may be expected of the steel mill, a possible aluminium smelter and the oil refinery.

66. The following table gives the profit calculations from the sale of electricity alone (all figures refer to two-year periods):-

Table No. 3

	1967/68	1977/78	1987/88	1995/96
Electricity Consumption (million kwh) ø	2,140	5,200	11,188	20,760
Revenue for the two years (£ million) øø	17.840	43.340	93.160	173.0
Cumulative Revenue (£ million) øøø	18.38	237.31	870.96	2062.45
Cumulative Total Surplus after cost (£ million)	0.10	96.95	452.1	1207.8
Net Cash Flow	13.4	37.1	82.2	120.3
ø Excludes possible consumption by steel, aluminium, tin smelter, oil refinery.				
øø Assumes an average price of 2d. per kwh sold.				
øøø Includes 6% interest as cumulative totals.				

67. The dam will not only pay for itself on the basis of electricity generation alone but, in addition, it will provide this electricity at a substantially lower cost than could be supplied by an alternative equivalent expansion of thermal generation.

68. The ultimate benefits which will be derived from transportation, fisheries, agriculture and the second roadway across the Niger at Jebba are tentatively estimated at about £20.1 million.

69. The construction of the dam and the resultant reliable supply of electricity at lower cost to industrial consumers, is expected to stimulate industrial development. The relationship to possible consumption by a steel mill has already been discussed above in paragraph 41.

(2) Electricity Corporation

70. In addition to the provision of hydro-electric power, it is necessary to expand thermal facilities, partly to provide for the growing demand for electricity before the dam is commissioned, partly to provide balancing facilities for peak demand, and partly as standby capacity.

71. The Electricity Corporation of Nigeria plans to invest £30.0 million entirely from its own funds for the expansion of the system as follows:-

Investment Plans of E.C.N. - 1962-68

1. Generation (expansion of Afam by 60 MW to 80MW. Creation of Ughelli Thermal Plant, 60 MW)	£8.974 million
2. Transmission	£5.658 million
3. Distribution	£6.959 million
4. New Town Development	£3.320 million
5. Other Minor Works	£2.688 million
6. Contingencies	£2.401 million
	£30.000 million

72. The generating stations at Afam and Ughelli will utilise the reserves of natural gas which are now under investigation. It is intended that the thermal stations will be integrated with the National Grid when the Dam is completed.

73. Resulting from all these developments, the total installed capacity will increase from 196.6 MW in 1962 to 641.8 MW in 1968 as shown below:-

Table No. 4

<u>INSTALLED CAPACITY (in MW)</u>		
	<u>March 1962</u>	<u>March 1968</u>
1. Bulk Supply, Kainji	-	280.0
2. Lagos - Ibadan - Ughelli	109.0	169.0
3. Kaduna - Kano	22.8	40.0
4. Eastern Region, including Afam	55.2	136.2
5. Benin Area	4.6	4.6 ^ø
6. Other areas	5.0	12.0
TOTAL	<u>196.6</u>	<u>641.8</u>
ø Will be covered by Ughelli bulk supply		

74. The following Table summarizes the capital investments in the electricity sector:-

Table No. 5

Niger Dam at Kainji	£68.1 million
Electricity Corporation	£30.0 million
TOTAL	<u>£98.1 million</u>

D. The Transport System

(1) Principles of Transport Development

The major objective of the Government's transportation policy is to meet the demands of the economy with a minimum expenditure of resources. It must also co-ordinate the system in such a manner that each form of transport will

/concentrate

concentrate on the type of service for which it is best suited in terms of real cost and service considerations. This policy means, therefore, that investment in the transport sector should only be undertaken to meet firm, forecast traffic requirements, except in those cases where new facilities may confidently be expected to induce new production and traffic. A prerequisite for investment in transport projects is careful timing in relation to demonstrated traffic needs. In addition, not only must the availability of resources be taken into account, but also careful study must first be made in order to ensure the maximum use of income generated by the transport system itself.

76.. Since the provision of transport services is extremely expensive and since the resources available to the Nigerian economy are scarce, it has been necessary to limit the total investment in the transport sector to approximately one-eighth of total capital expenditure proposed for the National Plan. This is in conformity with the priorities laid down for the formulation of the Plan. In Nigeria, as in other countries, it has become customary to provide some transport services (such as ports or railway transport) for which the consumer directly pays; in other cases, such as roads, however, costs are not levied as a direct charge against the user but are recouped indirectly through various forms of taxation. In all cases, calculations have been made of benefits and costs to arrive at a decision on the investments to be undertaken.

(2) Programmes under direct control of Ministries

(a) The Federal Road Programme

77. The Federal Government is responsible for the development of the Trunk A road network. An amount of £35.4 million has been allocated to provide for a minimum essential
/road

road development programme. This programme has been developed on the basis of a system of priority ratings which combine considerations of expected traffic, engineering and safety standards and social and economic effects. The programme lays stress on international communications.

78. The programme will concentrate upon reconstructing the Trunk A road system by widening and straightening and by improved surfacing. Two major bridges will be provided, the Niger bridge between Onitsha and Asaba and the second Lagos mainland bridge. The latter and the improved access it will provide to the docks at Apapa are particularly important.

(b) Inland Waterways

79. The river and creek system of Nigeria provides a potentially cheap and extensive network of communications whose usefulness will increase with the control of the flow of the Niger after the Dam has been completed. The development of the navigation facilities will, however, be related to the expected expansion of traffic. At present, excess capacity exists in the river fleets and considerably increased traffic could be carried without additional investment. When, however, a steel mill and other industrial developments mature on the Niger, the picture will change radically.

80. River traffic is expected to develop as follows:-

Table No. 6

Niger and Benue Traffic and Cost

	1961/2	1964/5	1967/8	1971/2
Traffic based on known projects (million ton miles)	120	135	160	240
Traffic if potential developments mature (million ton miles)	120	156	243	293
Total cost per ton mile (pence)				
Known projects	2.08	2.17	2.05	1.66
If potential developments mature	2.08	1.92	1.68	1.10

81. For these reasons, the Department's programme will be implemented in two stages. During the years 1962/5, £1.447 million will be invested for the improvement and expansion of the buoyage system and for patrolling the river to Kainji. This will be especially necessary if it is required to transport a large volume of the materials for the Dam by river.

82. The Department will initiate important hydrological studies of the Niger and will proceed with the aerial mapping of the river. It will conduct a series of river control experiments to seek economic methods for controlling silting and channel shifts. It will modernize the Lokoja dockyards and complete those at Warri. It will provide a school for the maintenance of river craft.

83. In 1965, the programme will be re-evaluated. If traffic developments warrant, £534,000 will be allocated for the implementation of the second stage. The construction of a dockyard at Port Harcourt and the introduction of night navigation are among the projects that will be considered for implementation during this phase.

(c) Coastal Agency, Marine Division

84. The Government Coastal Agency requires the modest sum of £48,880 to carry out its expanding responsibilities.

85. The Marine Division, which, among its other duties, is responsible for registration of ships, will establish bases at Lagos, Port Harcourt and the Delta Ports and accelerate the training of officers. £147,000 are provided for these purposes.

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(d) Escravos Bar and Port of Koko

86. The construction of the Escravos Bar Mole was initiated during the 1955-62 Programme to prevent the silting of the only remaining outlet of the Niger. Completion is expected in 1964 at a cost of £6.82 million.

87. At present, the Bar allows ships to enter with a load of only 2,000 - 3,000 tons. Completion of the mole will be a factor in providing an all-weather channel sufficient to allow ships of 6,000 - 8,000 tons to pass and will result in lower costs to shipping. This will permit a modest increase in harbour dues, while abolishing the existing surcharges on traffic crossing the Bar.

88. Traffic at the Port of Koko is expected to grow by 50% over the Plan period. £310,000 is required to finish the second phase.

(e) Civil Aviation

89. The Department of Civil Aviation is charged with the provision of airports and the installations needed to ensure rapid and safe management of aircraft. A total of £4.928 million has been allocated for the various projects for which the Department is responsible.

(i) International Aerodromes

90. At the present time, Lagos airport takes straight thrust jets only under weight limitations. The present runway must, therefore, be lengthened from 7,600 ft. to 10,000 ft. to permit efficient operation at full load.

Although it is likely that, with the development of long-range jet aircraft transport, Kano will largely cease to be used for international traffic, its development for reasons of defence and as a possible alternative airport makes the

/extension

Table No. 7

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ESTIMATED TONNAGES TO BE HANDLED AT WESTERN DELTA PORTS, 1962-1971COMBINED LOADINGS AND UNLOADINGS (1)

('000 tons)

YEAR	BURUTU	WARRI	SAPELE	KOKO	TOTAL
1962	215	160	395	100	870
1963	245	175	430	110	960
1964	295	200	450	115	1,060
1965	295	200	470	130	1,095
1966	260	200	500	135	1,095
1967	265	205	530	150	1,150
1968	275	210	565	160	1,210
1969	290	225	605	165	1,285
1970	305	240	640	180	1,365
1971	315	260	700	190	1,465
TOTALS	2,760	2,075	5,285	1,435	11,555

(1) Excludes traffic due to the projected Aluminium Smelter, Steel Mill and the products of the Petroleum refinery.

Source:- Hogg's Report on traffic likely to move through the West Delta Ports 1962-1971.

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Table No. 8

- 32. -

ESCRAVOS BAR MOLEECONOMIC COSTS ATTRIBUTABLE TO DELTA PORTS

	(a) TOTAL ECONOMIC COSTS ESCRAVOS BAR (1)	(b) COSTS ATTRIBUTABLE TO DELTA PORTS (2)	(c) ESTIMATED TRAFFIC (tons) (3)	(d) COST PER TON (£) (c ÷ b)
1965	918,790	689,000	1,095,000	0.63
1966	918,790	689,000	1,095,000	0.63
1967	918,790	689,000	1,235,000	0.56
1968	918,790	689,000	1,380,000	0.30
1969	918,790	689,000	1,455,000	0.47
1970	918,790	689,000	1,535,000	0.45

Notes:- (1) Total recurrent costs plus 6% interest charge on total capital cost.

(2) 75% of recurrent costs including 6% interest on capital. Balance of 25% of cost attributed to river traffic on the basis of proportion of Delta Port traffic that moves on the river.

(3) Includes traffic from steel or petroleum freight from 1967 onwards.

extension of its airstrip to 10,100 ft. necessary. The airstrip at Port Harcourt will be lengthened to 7,500 ft. in order to accommodate expected increase in traffic. In addition, the reconstruction of the Airport Terminal at Lagos will be started to accommodate the increase in international traffic.

(ii) Other Aerodromes

91. Runways at the other major airports served by Nigeria Airways will be extended and sealed. In addition, it is intended to develop twenty-six smaller airstrips and to take over from the Regions the maintenance of six existing strips which could be used for air charter services in connection with major agricultural and industrial projects.

(iii) Air Navigation. Telecommunications System and other works

92. The sum of £1.323 million is needed to develop telecommunications and navigation facilities which must accompany the increased traffic. In addition, £622,000 are needed to provide fire-fighting and crash equipment, access roads and staff quarters.

(iv) Aeronautical Training

93. The sum of £500,000 is earmarked for the establishment of a West African Regional Aeronautical Training School, which will be sponsored by the International Civil Aviation Organisation and located in Lagos. This will be combined with the present Federal Flying and Civil Aviation School. It is expected that a sufficient number of Nigerians will be trained to take over all aircraft operations in the country by 1970.

(3) Statutory Corporation Programme

(a) Nigerian Ports Authority

94. The programme of the Nigerian Ports Authority has the highest priority within the transport sector. Traffic in the ports of Lagos and Port Harcourt has increased so rapidly that at present there are substantial delays in the loading and unloading of ships and over-crowding in sheds. The expansion of exports and the industrialisation and construction which are forecast over the Plan period will seriously accentuate these strains. It is imperative, therefore, that a major expansion of dock facilities be provided since delays at the quayside would result in increases in the development costs and losses in export earnings.

95. The programme of the Ports Authority is part of a long-range ten year development programme. During the six years of the National Plan, it will be necessary to invest £23.619 million in the expansion of port facilities. The Authority has made detailed traffic projections which have been carefully co-ordinated with the expectations for exports and imports of individual commodity groups. Since Nigeria's exports consist primarily of a limited number of commodities which can be shipped in bulk while imports consist of a great variety of commodities which are shipped in smaller quantities, the handling of exports and imports presents different problems. The projections for import and export tonnages,⁽¹⁾ together with the additional berths planned is shown in the following table:-

/Table No. 8

(1) Figures cover the five years 1962-67.

Table No. 8

	<u>Present</u> <u>Capacity</u>	<u>Forecast</u> <u>Tonnages</u>	<u>Weighted</u> <u>Bulk/</u> <u>General</u> <u>Cargo</u>	<u>120% to</u> <u>avoid</u> <u>congestion</u>	<u>Excess</u> <u>Tonnage</u>	<u>Shortage</u> <u>of</u> <u>Berths</u>	<u>Additional</u> <u>Berths</u> <u>Planned</u>
a. Port Harcourt Import Capacity Available with 7 Berths							
1961/2	480	520	515	618	138	1	-
1962/3	660	536	541	649	-	-	-
1963/4	660	566	580	696	36	-	-
1964/5	660	579	606	727	67	$\frac{1}{3}$	-
1965/6	660	613	654	785	125	$\frac{2}{3}$	1
1966/7	710	694	735	882	172	1	-
b. Port Harcourt Export Capacity Available with 7 Berths							
1961/2	440	321	-	385	-	-	-
1962/3	450	333	-	400	-	-	-
1963/4	450	345	-	414	-	-	-
1964/5	450	358	-	430	-	-	-
1965/6	450	369	-	443	-	-	-
1966/7	450	382	-	458	8	-	-
c. Apapa Import Capacity Available with 9 Berths and Lighter Berths							
1961/2	735	865 ⁶	838	1,006	271	2	-
1962/3	910	865	866	1,039	129	1	-
1963/4	910	924	948	1,138	228	2	2
1964/5	910	941	1,009	1,211	301	2	1
1965/6	910	1,004	1,106	1,327	417	3	1
1966/7	910	1,169	1,268	1,522	612	4	⁶⁶
d. Apapa Export Capacity Available with 9 Berths and Lighter Berths							
1961/2	790	735	-	882	92	-	-
1962/3	1,000	762	-	914	-	-	-
1963/4	1,000	790	-	948	-	-	-
1964/5	1,000	820	-	984	-	-	-
1965/6	1,000	838	-	1,006	6	-	-
1966/7	1,000	870	-	1,044	44	-	-

Note:- ⁶ All figures for Lagos Imports less 375,000 tons at Customs Quay.

⁶⁶ Plans now call for another berth in 1967/8, the last year of Plan. Also, replacement or renovation of Customs Quay must be decided by 1966.

/The

The programme calls for the construction of five new berths at Apapa (primarily to handle additional imports) and of two berths at Port Harcourt. The existing capacity will be sufficient to handle the growth of exports. In addition, consideration will be given by 1966 as to whether the Customs Quay at Lagos should be replaced or renovated.

96. Although the Authority's plans have provided a 20% margin for seasonal peaks, the increase in traffic may exceed the forecasts. It is, however, likely that with the completion of the Escravos Bar project and the development of the Delta ports, particularly Koko, some of the traffic can be shifted to these ports.

97. In addition to the new berths at Apapa and Port Harcourt, the Authority will mechanise its operations and will construct new warehouses in Port Harcourt.

98. At the present time, considerable congestion has developed in the movement of imports through the transit sheds at Lagos. The Authority is exploring new methods and procedure to facilitate rapid clearance. It is expected that improvements in the clearance of sheds will be aided by the construction of the Apapa - Western Avenue - Ijora Causeway and to the Second Mainland Bridge which are included in the Lagos road programme.

99. The profitable operation of the Nigerian Ports Authority will enable it to finance from its own resources £13.109 million out of the total capital expenditure of £23.619 million. The Authority expects to continue to operate at a profit as can be seen from the following table:-

/Table No. 9

Table No. 9

NIGERIAN PORTS AUTHORITY					
EXPECTED FINANCIAL AND ECONOMIC RETURNS					
	<u>DEPRECIATED VALUE OF CAPITAL</u>	<u>NET⁽¹⁾ INCOME</u>	<u>ECONOMIC RATE OF RETURN</u>	<u>NET⁽²⁾ FINANCIAL INCOME</u>	<u>FINANCIAL RATE OF RETURN</u>
1962/3	13,468	741	5.50	571	4.2
1963/4	15,967	779	4.88	636	4.0
1964/5	18,328	549	3.00	175	0.9
1965/6	21,653	351	1.62	595	2.7
1966/7	23,852	369	1.55	845	3.5
1967/8	27,755	398	1.43	1,011	3.6

(1) Gross Surplus minus 6% interest on depreciated value of capital true life of asset depreciation.

(2) Gross Surplus minus actual interest and amortisation payments.

100. In interpreting this table, it should be pointed out that, as with any highly capital-intensive project which takes a long time to construct, a considerable time elapses before the income is earned. In the case of the Ports Authority for example, it will be as long as four years before the third extension of the Apapa docks is finished. In the method of calculating the net income, no time lag has been taken into consideration. On the other hand, the net income has allowed for the payment of the full economic rate of interest of 6%. The rate of return on the depreciated value of capital exceeds, therefore, above the interest charged on the depreciated value of capital. The financial return, as distinct from the economic return, is substantially higher. The declining rate of return on the depreciated value of capital is entirely due to the rapid build-up of capital. This in turn involves a rapidly increasing burden of depreciation and interest charges while the returns from the

/investment

investment would not begin to be felt until the next Plan period. It will be seen, therefore, that the economic return, including the implicit rate of interest of 6%, is throughout the Plan period more than 7%, that is substantially higher than the projected rate of growth of the economy. Even without allowing for any indirect benefits, it can be seen that the development of ports facilities will contribute substantially to economic growth.

101. Among the indirect effects which have not been evaluated will be the lowering of the costs of imports for development purposes due to the limitation of costly delays in transshipment. The essential contribution which the expansion will make to the evacuation of export production has already been mentioned.

102. The Authority will at the same time continue its training programme for Nigerians and is expected to increase considerably the Nigerianisation of senior posts by 1967. The expansion of the ports will in addition create a substantial number of semi-skilled and unskilled jobs.

103. Table 10 shows the expected expansion of ports facilities during the years following the Plan period.

(b) Nigerian Railway Corporation

104. The Nigerian Railway Corporation has, because of the rise of competition from road transport, lost its once dominant position. As a result, it has incurred financial deficits in its operations during the past few years. It is at present also under-utilised and its efficiency of operation has been low, partly due to old equipment.

/105.

Table No. 10

PORTS AUTHORITY PROGRAMME - 2ND PHASE
1968/69 - 1971/72

	£ million				
	1968/69	1969/70	1970/71	1971/72	TOTAL
1. <u>TRAFFIC</u>					
Berths at Apapa	1.750	1.750	1.750	-	5.250
Berths at Port Harcourt, etc.	1.000	1.055	1.081	-	3.136
Customs Quay Replacement 3 berths	1.170	1.170	1.170	-	3.510
2. <u>HARBOURS</u>	0.400	-	-	-	0.400
3. <u>DOCKYARDS</u>	0.017	0.017	0.017	0.017	0.068
4. <u>REPLACEMENTS OTHER THAN THOSE INCLUDED ABOVE</u>	0.164	0.870	0.168	0.106	1.308
5. <u>SUNDRY ADDITIONAL PROJECTS</u>	0.250	0.250	0.250	0.250	1.000
	<u>4.751</u>	<u>5.112</u>	<u>4.436</u>	<u>0.373</u>	<u>14.672</u>

(1) It is assumed that one additional berth will be required at Apapa each year as from 1968/69 to meet anticipated increase in traffic.

105. The Corporation's programme during the coming Plan period is based upon traffic forecasts which are consistent with and have been carefully co-ordinated with those of the Nigerian Ports Authority, the expected traffic on the Niger River and the Delta Ports and the expected freight traffic on roacs. It is expected that railway freight traffic will grow from 1,366 million miles in 1961/2 to about 1,740 million miles in 1966/7, an average increase of about 5.4% per year. Passenger traffic is likely to increase only slightly from 415 million passenger miles to 465 million passenger miles over the same period.

106. The estimated total cost of the Railway programme is £20.17 million for the six years 1962/3 to 1967/8. Of this sum, £12.239 million will be financed by the Corporation primarily from its depreciation and other reserves. The system will be extended only to complete the remaining 230 miles of the Bornu Extension. In addition, however, 14 diesel locomotives and 1,485 wagons will be purchased in an effort to modernize the railway, and £4 million or about 20% of the total expenditures will be spent on re-laying track with heavier rails in order to make increased speeds possible. As a result of investment and modernization policies which it expects to put into operation, the Corporation is expected to show rapidly increasing financial profits after 1964/5. If, however, the calculations are based on true economic cost the Corporation will not break even throughout the whole Plan period. It will, however, show a steady improvement. By 1966/7, the economic rate of return on the depreciated value of capital, which allows an implicit rate of interest of 6% on depreciated capital will be - 1.81%. Table 13 summarises the results and Tables 11 and 12 give the major details of the calculations :-

/Table No: 13.

Table No. 11.

ECONOMIC ANALYSIS OF THE NIGERIAN RAILWAY CORPORATION

	all figures in £ million unless otherwise stated					
	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67
(1) Gross Income	15.406	15.793	15.950	17.941	18.562	19.870 19.990
(2) Operating Costs including depreciation but excluding interest	14.860	14.861	15.083	15.680	15.937	16.365
(3) (Depreciation Charges)	(2.484)	(2.701)	(2.728)	(2.792)	(2.823)	(2.832) (2.841)
(4) Interest Charges, actual	1.650	1.962	2.154	2.207	2.182	2.156
(5) Actual Interest Charges as percentage of depreciated value of capital	2.13	2.38	2.57	2.63	2.59	2.57 (%)
(6) Interest Charges calculated at 6% of depreciated value of capital	4.652	4.940	5.024	5.059	5.046	5.030
(7) Net Income if economic rate of 6% were charged	-4.106	-4.008	-4.157	-2.798	-2.421	-1.525
(8) Economic rate of return (item (7) as percentage of depreciated value of capital)	-5.29	-4.86	-4.96	-3.31	-3.11	-1.81 (%)
(9) Financial rate of return (net income of N.R.C. as given by N.R.C. as percentage of depreciated value of capital)	-1.42	-1.54	-1.54	+0.64	+0.53	+1.60 (%)

continued/

Notes:- Items (1), (2), (3) and (4) given by N.R.C.

Item (5) calculated.

Item (7) Gross Revenues (Item (1), less operating costs (Item (2)) and 6 per cent interest (Item (6))

Table No. 11 (Continued)

all figures in £ million unless otherwise stated

	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67
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Calculation of Depreciated Value of Capital

Accumulated Capital Expenditure	84.313	91.530	99.031	103.160	106.523	109.141	111.701
- Less accumulated Depreciation	11.498	13.982	16.683	19.411	22.203	25.026	27.858
- Equals Depreciated Value of Capital	72.815	77.548	82.348	83.749	84.320	84.115	83.843
Implicit Rate of Depreciation	-	3.20	3.28	3.26	3.31	3.35	3.38 (%)

Calculation of Average Cost per ton/mile

(i) If interest is charged at the economic rate of 6 per cent:-

Gross Expenditure	19.512	19.801	20.107	20.739	20.983	21.395
Estimated Freight Traffic, million ton/miles	1.366	1.396	1.411	1.570	1.618	1.739
Cost, pence per ton/mile	3.428	3.404	3.420	3.170	3.112	2.952

(ii) If interest is charged at N.R.C. rate:-

Gross Expenditure	16.510	16.823	17.237	17.887	18.119	18.520
Cost, pence per ton/mile	2.900	2.892	2.931	2.734	2.687	2.556

Calculation of Average Revenue per ton/mile

(i) Gross Income	15.406	15.793	15.950	17.941	18.562	19.870
(ii) Estimated Freight traffic (million ton miles)	1.366	1.396	1.411	1.570	1.618	1.739
(iii) Average Revenue, pence per ton/mile	2.47	2.70	2.71	2.74	2.75	2.74

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Table No. 12

NIGERIAN RAILWAY CORPORATION - CASH FLOW ANALYSIS OF FUNDS AVAILABLE AND REQUIRED

£'000

	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68
I. FUNDS REQUIRED						
1. Bornu Extension	5,507	3,155	312	-	-	-
2. Other Capital Expenditure	1,994	974	3,051	2,618	2,560	-
3. (Total Capital Programme)	(7,501)	(4,129)	(3,363)	(2,618)	(2,560)	-
4. Amortization I.B.R.D. Loan	407	430	453	478	504	531
5. Amortization Other Loans	50	50	199	298	376	400
6. Operating Cash Balance	203	210	241	213	1,054	4,413
7. Total Funds Required	<u>8,161</u>	<u>4,874</u>	<u>4,256</u>	<u>3,607</u>	<u>4,494</u>	<u>5,344</u>
II. FUNDS AVAILABLE						
8. Operating Cash Balance (end of previous year)	210	203	210	241	213	1,054
9. Net Income or Loss	-1,030	-1,287	54	443	1,349	1,349
10. Depreciation	2,701	2,728	2,792	2,823	2,832	2,841
11. Fixed Asset Requirements	130	130	100	100	100	100
12. Total Funds Available	<u>2,011</u>	<u>1,774</u>	<u>3,156</u>	<u>3,607</u>	<u>4,494</u>	<u>5,344</u>
13. Other Funds Required from Government (7-12)	<u>6,150</u>	<u>3,100</u>	<u>1,100</u>	<u>-</u>	<u>-</u>	<u>-</u>

Table No: 11

Year	Cash Financial Results	Financial Rate Return	Economic Results	Economic Rate Return on Capital
1962/63	- 1,030	- 1.54%	- 4,008	- 4.86%
1963/64	- 1,287	- 1.54%	- 4,157	- 4.96%
1964/65	+ 54	- 0.64%	- 2,908	- 3.31%
1965/66	+ 443	+ 0.53%	- 2,421	- 3.11%
1966/67	+ 1,349	+ 1.60%	- 1,525	- 1.81%
1967/68				

(c) Nigerian National Line.

107. The Nigerian National Line was organised in 1958. The Federal Government held 51% of the shares, the remaining 49% being held by two technical partners. The Line has joined the West African Conference. It has operated its ten ships on its share of the Conference traffic. The Company owns 5 ships and charters 5 others. In 1961, the Federal Government purchased the interest of the technical partners; the small remaining balance of the purchase price is included in the allocation now made to the Line. The sum of £6.2 million is provisionally set aside for investment in additional ships if the prospects of the shipping market warrant it. Of this sum, the Line expects to provide £5.1 million from its own resources to be complemented by a Government loan of £1.1 million. In considering the expansion of its programme, full account will be taken of the economics of chartered as against owned ships. It is intended to explore ways and means by which the existing capacity of the National Line can be utilized and further expansion effected.

(d) Nigeria Airways (W.A.A.C. (Nigeria) Ltd.)

108. Nigeria Airways have made a small profit on their operations. The domestic routes are serviced by seven Dakota aircraft and international operations are run by charter aircraft in conjunction with B.O.A.C.

109. The Company's programme is designed to cope with an expected increase in domestic traffic of between 5% and 15% per year during the Plan period. Its major objectives is the
/reduction

reduction of the very high engineering and administrative cost inherited from the past.

(i) Engineering Base and Domestic Aircraft.

110. The first step in reducing engineering cost consists of the construction of an Engineering Base at Ikeja Airport for which £650,000 are allocated. The Base will be completed late in 1962 and full engineering services are expected to be available by 1963.

111. The Company has already introduced measures to reduce staff and administrative costs while accelerating Nigerianisation and training.

112. The 7 Dakota aircraft will be replaced over the Plan period by five F.27 Fokker Friendship airplanes at an estimated cost of slightly over £2 million. This is additional to provision already made in 1961. The Fokker Friendship are 44-seat turbo-prop aircraft which will provide approximately 25% more capacity than the 7 Dakotas which they replace. The replacement of the Dakotas with the faster turbo-prop machines will permit an increase in the number of existing services on the major internal lines.

113. The possibility of using the 7 Dakotas for such purposes as low-density routes, charter operations and security flights is being considered. In addition, the Company is experimenting with small charter aircraft operations to supplement private operators.

114. Government has already provided, in 1961, funds* towards the cost of the Engineering Base. During the Plan period, Government will provide an additional loan of £105,000. The

/remainder

* £895,000 was provided by Government in 1961 for both the Base and the F.27.

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remainder of the cost will be financed from internal resources of the Company and commercial loans.

115. While the Dakota aircraft are being replaced, Nigeria Airways will not be able to show profits. However, after 1965, the Company will become increasingly profitable. If domestic traffic increases 10% per year, the net economic result for all Company operations will average approximately 2.3% for the first four years after the Fokker Friendships come into operation. If traffic increases by more than 10% and present measures to reduce administrative and engineering cost come into operation before 1965, the Company will show profits earlier.

(ii) International Route Development.

116. The present international flights of Nigeria Airways are carried out by chartered Britannia aeroplanes in conjunction with B.O.A.C. and Dakota flights to Ghana. The Fokker Friendship planes will permit extension of West African routes and will permit Nigeria Airways to meet the competition of modern aircraft. Government is particularly interested in the further development of African routes. Preliminary steps include the acquisition of offices and promotion of publicity. Final decision will, however, take account of the economics of air transport in Africa, including the possibilities of co-operation and pooling equipment with other African countries with a view to creating a viable African Airline. In view of the well-known losses of international jet services, consideration will only be given to establishment of long-distance jet services when the market prospects appear to justify it.

(4) Miscellaneous Projects.

(a) Surveys.

117. The Ministry of Works and Surveys will undertake a 10-year project to complete the contour mapping of Nigeria on a uniform basis. The total cost during the Plan period is estimated at £1.5 million. These maps are essential not only for proper transport development but also for agriculture, industry, defence and other purposes. The execution will be carried out on contract and will include the latest aerial and ground survey methods. An additional £101,000 is provided to purchase survey equipment and train Nigerian surveyors.

118. An additional £250,000 are allocated to various survey studies to be undertaken by the Ministry of Transport and Aviation. A proposed Transport Planning Unit in the Ministry of Transport and Aviation will decide on the order of priorities of the surveys.

(b) Approach Road to Koko.

119. Government is providing £350,000 to develop further the approaches to the port of Koko, which, as has been stated, has become the fastest growing port in the Delta area.

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120. The following table summarises the capital expenditures on the Transport Sector :-

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Transport Sector Summary :-

	<u>£ million</u>	<u>£ million</u>
I Roads	35.400	
Inland Waterways Department	1.981	
Coastal Agency	0.049	
Marine Division	0.147	
Escravos Bar	6.820	
Expansion of Koko	0.310	
Civil Aviation	4.928	
II Nigerian Ports Authority	23.619	
of which out of N.P.A.'s own resources:		13.109
Nigerian Railway Corporation	20.170	
of which out of N.R.C.'s own resources:		12.239
Nigerian National Line	6.200	
of which out of N.N.L.'s own resources:		5.100
Nigerian Airways (W.A.A.C.)	1.742	
of which out of N.A.'s own resources:		1.437
III Surveys by Ministry of Works and Surveys	1.601	
Surveys by I.W.D.	0.250	
Approach Road to Koko	0.350	

T O T A L :3403.567 million

E Communications(1) Telephone and Telegraph Services.

121. The present system of domestic telecommunications has become inadequate. There are long waiting lists for telephones, including demands for services from expanding commercial and industrial establishments. The projected growth of the economy requires a substantial expansion of the telephone system.

122. In order to catch up with the backlog of demand and the expected new requirements, 42,000 new lines will be installed permitting the use of an additional 75,000 instruments. Emphasis will be placed upon the expansion of trunk dialling facilities between the major urban commercial and industrial centres. In addition, a telex (teleprinting) system will be introduced into Nigeria. The sum of £27.4 million is allocated to the expansion of this essential service.

123. The present accounting methods by which neither interest nor depreciation is charged to the system has concealed the fact that a large element of subsidy, both to private and Government users, has been involved in the operation when calculated on a true economic basis. While these subsidies could be borne when the service was small, the system has now reached the level where it must not only pay for itself but must also begin to generate some of the resources required for its own expansion.

124. The Government proposes, therefore, to reorganise the system to operate on a commercial basis and to administer it on the lines of a statutory corporation. Rate schedules will therefore be reviewed so as to eliminate subsidies to private and governmental subscribers. This follows the general principles accepted by all the Governments of the Federation that the cost of services should, as far as possible, be borne by the users.

(2) International Communications

125. International Wireless Communications are at present entrusted to Cable & Wireless Ltd. It is expected that there will be a change in the existing arrangements affecting ownership and control of international wireless communications, and it is probable that this change will be affected by the needs of close association among African States.

(3) Postal Services

126. Government will spend £2.3 million to expand the postal services. 42 additional post offices will be provided and new postal agencies will be established. Special efforts are being directed towards expanding the services of the Post Office Savings Bank. It should be stressed here that this accords with the policy of the Governments of the Federation to mobilise domestic resources to the fullest for the First National Plan.

127. At present, the Nigerian postal services are subsidized by the taxpayer^o. The financial returns show that the cash receipts of the postal services will exceed expenditure by £1.960 million over the Plan period. Economic calculations, however, indicate substantial subsidies of over £2.7 million will be incurred over the Plan period. The Government has therefore commenced investigations to determine methods of reducing cost without impairing services.

(4) Meteorological Services

128. Improved information on weather conditions is essential for aircraft operation, river transport, agriculture and industry. The capital provision of £291,000 has, therefore, been allocated for the expansion of the Meteorological Services. The important indirect benefits of this programme will greatly exceed the modest cost involved.

/129. /Page 51 - Table No. 14

^o This is equally true in the case of the postal services of the majority of countries.

Table No. 14

TELECOMMUNICATIONS
FINANCIAL AND ECONOMIC RETURNS OF OPERATIONS ASSUMING
NO CHANGE IN RATE SCHEDULES

FINANCIAL RETURNS OF TELECOMMUNICATIONS SERVICES

£'000

	1962/3	1963/4	1964/5	1965/6	1966/7	1967/8
Investment	1,500	4,500	6,000	8,000	7,000	-
Cumulative Investment	13,500	18,000	24,000	32,000	39,000	39,000
Gross Revenues (Cash)	3,010	3,500	4,080	4,320	5,000	5,880
Expected Cost (Wages + Other Charges)	3,461	3,644	3,900	4,114	4,401	4,735
Financial Return	- 451	- 144	+ 180	+ 206	+ 599	+1,145
Financial Returns/Cumulative Investment	- 3.3%	- 0.8%	+ 0.7%	+ 0.6%	+ 1.5%	+ 2.9%

ECONOMIC RETURNS OF TELECOMMUNICATIONS SERVICES

Cumulative Depreciated Value of Capital	12,321	16,328	21,675	28,808	34,656	33,270
Expected Cost (Wages + Hidden Costs + Other Charges and Interest + Depreciation)	5,539	6,033	6,849	7,759	8,762	9,307
Economic Return	-2,529	-2,533	-2,769	-3,439	-3,762	-3,427
Economic Return/Cumulative Depreciated Value of Capital	-20.5%	-15.5%	-12.8%	-11.9%	-10.9%	-10.3%

FINANCIAL RETURNS OF POSTAL AND REMITTANCE SERVICES

Investment	200	400	400	500	500	-
Cumulative Investment	2,507	2,907	3,307	3,807	4,307	4,307
Gross Revenues (Cash)	2,100	2,300	2,500	2,700	2,900	3,100
Expected Cost (Wages + Other Charges)	1,940	2,060	2,190	2,310	2,460	2,680
Financial Return	+ 160	+ 240	+ 310	+ 390	+ 440	+ 420
Financial Return/Cumulative Investment	6.4%	8.3%	9.4%	10.2%	10.2%	9.8%

ECONOMIC RETURNS OF POSTAL AND REMITTANCE SERVICES

Cumulative Depreciated Value of Capital	2,626	2,921	3,204	3,576	3,933	3,776
Expected Cost (Wages + Hidden Costs + Other Charges and Interest + Depreciation)	2,580	2,748	2,943	3,121	3,343	3,596
Economic Return	- 480	- 448	- 443	- 421	- 433	- 496
Economic Return/Cumulative Depreciated Value of Capital	- 18.3%	-15.3%	-13.8%	-11.8%	-11.3%	-13.1%

Note:- Financial returns are arrived at without allowing for:- depreciation, interest charges on capital; cost of the telephone system borne by other Ministries than the Ministry of Communications. On the other hand, the value of services provided by P & T free of charge to Government is not included among gross revenues.

Economic Returns take account of all these factors.

from rates collected. This conforms with the policy of shifting the cost of a service to the beneficiary of that service. The economic analysis of the Lagos Island Sewerage System is given in table No. 17 (see page 61).

(2) Hospitals and other Health Services.

151. The various projects included in the Federal Government's programme for health and which are discussed below, are estimated to cost a total of £10.3 million. However, the scarcity of resources has made it necessary at this stage to impose a ceiling of £8.8 million on the programme. It is hoped that reductions in the costs of construction will make possible the execution during the plan period of most of the proposed projects. The Federal Ministry of Health will determine precise priority allocations within the programme.

152. The major emphasis of the Ministry of Health programme will be on the training of doctors. The ratio of doctors to population in Nigeria is at present about 1 to 32,000. Clearly the present number of doctors is entirely inadequate, particularly when it is realised that in many areas villages are situated as much as a hundred miles from the nearest medical facilities. Disease and injury takes a severe toll of life and result in costly losses of labour, time, output and efficiency. The Government realises therefore that a carefully co-ordinated health programme is essential, not only for the physical welfare of the Nation, but also to contribute to the increased productivity which is essential for the success of the Plan. One of the National targets therefore, is to increase in the shortest practicable time the number of doctors, so that there will be at least one doctor to every ten thousand persons. A major contribution towards the achievement of this goal will be the Federal Government's programme for a great increase in medical teaching facilities. The University College Hospital, /Ibadan,

Table No. 17

ECONOMIC ANALYSIS OF LAGOS ISLAND SEWERAGE SYSTEM
PROGRAMME FALLING WITHIN THE SIX YEAR PLAN PERIOD

<u>TRUE ECONOMIC COSTS</u>	<u>1962/63</u>	<u>1963/64</u>	<u>1964/65</u>	<u>1965/66</u>	<u>1966/67</u>	<u>1967/68</u>
(1) Capital Investment	200,000	306,000	569,000	490,000	-	-
(2) Depreciated Value of Capital ^ø	192,000	477,760	1,003,760	1,431,160	1,368,560	1,305,960
(3) Recurrent Costs	-	2,000	5,000	9,000	14,000	14,000
(4) Total Costs (Recurrent + Depreciation + Interest)	19,520	50,906	108,226	157,470	158,714	154,958
(5) Costs to L.T.C.	19,520	50,906	108,226	157,470	158,714	154,958
(6) Costs to Federal Government	Nil	Nil	Nil	Nil	Nil	Nil
 <u>CAPITAL EXPENDITURE AND FINANCIAL REQUIREMENT</u>						
(1) Capital Expenditure	200,000	306,000	569,000	490,000	-	-
(2) Reimbursement from L.T.C. rate collection	19,520	48,906	103,226	148,470	144,714	140,958
(3) Demand on Government resources	+180,480	+257,094	+465,774	+341,530	-144,714	-140,958

ø 25 years life assumed

Ibadan, will be expanded at a cost of £3.05 million and the Mainland Hospital will be converted into a teaching hospital, which eventually will be integrated with the new University of Lagos. The cost of the Mainland Teaching Hospital is provisionally estimated at £3.500 million. By 1970, these institutions will produce 200 qualified doctors every year. This contrasts with the present output of only 30 qualified doctors who are now produced every year by the University College Hospital.

153. Concomitant with the expected increase in the number of doctors, it is essential that there should be a corresponding acceleration in training nursing staff. The Federal Government will therefore erect a Nurses' Hostel to accommodate 500 nurses in training.

154. The Federal Government's health programme also includes a series of other important projects, amongst which should be mentioned the establishment of a post-graduate school of nursing and the addition of a 300-bed maternity ward at the Lagos Polyclinic. This latter project will achieve two purposes. Once this building has been constructed the Island Maternity Hospital will be converted for use in pre- and post-graduate training in medicine and surgery. Other projects in the programme include the expansion of dental training facilities, the expansion of the Yaba Smallpox Laboratory and of the Chemistry and Public Health Laboratories, the reconstruction of Lagos General Hospital and the expansion of the Royal Orthopaedic Hospital. Several health centres in the Lagos metropolitan area are planned to treat minor complaints and thereby relieve the strain on the Out-patients' Departments of the hospitals. Finally, special mention must also be made of the proposal to establish a National Institute of Preventive Medicine. The importance of this

project lies in the fact that it will test and give direction to the work carried out in health centres, not only in the capital, but throughout the Federation. It is expected to become the central organisation for promoting all measures directed to the eradication of preventable diseases.

155. The following is a summary of the proposal capital expenditure on Health:-

1.	Lagos Sewerage	£1.565 million
2.	Ministry of Health Programmes	
	(a) Mainland Teaching Hospital	£3.050
	(b) University College Hospital, Ibadan.	3.500
	(c) Reconstruction of General Hospital, Lagos.	
	(d) Nurses Hostel, Lagos.	
	(e) Royal Orthopaedic Hospital.	
	(f) Expansion, Yaba Smallpox Hospital	
	(g) Dental Centre	3.754
	(h) Maternity Ward, Lagos Polyclinic (300 beds).	
	(i) Chemistry Division.	
	(j) Public Health Laboratory	
	(k) National Institute of Preventive and Social Medicine	
	(l) Post-Graduate School of Nursing	
		£10.304
	Ceiling imposed upon Ministry of Health Programme	<u>8.804</u>
		<u>£10.369 million</u>

I Town and Country Planning

156. It is the Government's intention that all development projects relating to the Lagos Metropolitan Area should be considered in the context of the overall needs of the area. Every effort has therefore been made to produce a fully co-ordinated development scheme, irrespective of the fact that projects were submitted by different Ministries, Departments and Statutory Corporations. This policy has been adopted because, unless an integrated programme is prepared for the Lagos area as a whole, the present congestion and chaos would undoubtedly worsen.

157. Several existing factors condition the problems of the planned development of Lagos. Each project has therefore been considered in the light of how far it may assist in solving one or more of these problems. Some of the major difficulties may be enumerated as follows :-

- (a) The inter-relationship between a rapid increase in population and the major expansion of Government, commercial and industrial activities is the basic cause of the Lagos problem.
- (b) The population is increasing at a faster rate than the provision of new facilities. Health services, housing, schools, transport, water and markets are already inadequate. Despite major investments, the situation is liable to deteriorate further if the present rate of population increase continues.
- (c) The relatively large proportion of high income groups combined with land shortage has induced expensive house construction and use of land. This is especially true in the case of the large number of office blocks and luxury houses

under construction. The development of swamp land is extremely expensive, with the result that comparatively small areas of land absorb scarce resources; price levels have become exorbitant and quite impossible for the ordinary Nigerian citizen to consider.

- (d) Given the level of demand for land and the limited resources available to Government, land and construction costs must be reduced sharply. if the average Nigerian citizen is to be able to purchase his own house. Not only is this desirable socially, but it would also release Government resources which are at present tied up in rented accommodation and in subsidies. Again, if the cost of houses and plots could be reduced, a sharp acceleration in the number of houses constructed would result.

158. In addition to the various measures relating to the Lagos area and which are described in this document, the Government proposes to achieve co-ordinated solutions to these problems by the following means :-

- (a) The United Nations is being requested to supply a team of experts to review existing developments and proposed projects with a view to defining a programme to meet the long-term transport, housing, and land-use problems of the metropolitan area.
- (b) The Lagos Town Council is inviting a transport expert to investigate ways and means of instituting rapid passenger transport.
- (c) The Ministry of Lagos Affairs will establish a standing committee on which will be

/represented.

represented both Government Departments and commercial concerns which have a particular interest in Lagos development. The Committee will continuously review and co-ordinate all proposed projects in the area.

(1) Housing Problem.

159. The present population of the Federal Territory lives in over-crowded conditions. To prevent a further deterioration in the situation and to allow for the expected increase in population, at least 13,000 housing units* are to be constructed, of which about 60% will be for low income receivers, 30% for middle income groups, and 10% for persons in the upper income brackets.

160. As has been described in paragraph 156 above, housing and land policy are closely inter-related. This problem will be tackled by a series of measures. It is intended to develop land for lease at economic rates for upper income housing. For this purpose, it is intended to auction Government-owned building plots, a reserve price of not less than half the present market value being fixed. By this method, the profits of land development will become available for investment in further development. For middle income housing, it is intended to supplement land development and leases at economic rents with the provision of adequate financing facilities at unsubsidized interest rates.

161. For low income groups it is intended to develop the land and to turn out by mass-production methods shell houses at a cost which will allow individuals to purchase them at a price which is lower than the rent paid at present. The shell houses will be two-roomed dwellings of permanent construction

/supplied

* A housing unit is defined as accommodating six people.

supplied with electricity and water services. It is anticipated that they will be sold at a moderate monthly charge payable over twenty years, the purchaser being required to finish the interior of the house. This project represents a new approach to the problem of providing essential low-cost housing for the people of Lagos. Furthermore, unlike previous attempts to solve the problem, this programme will pay for itself and will require no subsidies.

162. The necessary pre-requisite for the housing programme will be provided by a land reclamation, swamp drainage, and land development scheme in the Yaba, Victoria Island and South Surulere areas at a total provisional cost of £6.37 million. In addition, the Lagos Executive Development Board will improve surface water drainage at Surulere at a cost of £500,000.

163. The Government intends to provide a loan of £1.5 million to the Nigerian Building Society to enable the Society to provide mortgage credit at economic rates for a major part of the middle income housing programme.

164. A further £1.8 million has been allocated to the African Staff Housing Fund, which will be administered on an agency basis by the Nigerian Building Society. By adopting a policy of giving credit at economic rates, both these institutions will be able to replenish their funds and increase their lending ability.

165. In concert with Government's aim to mobilise domestic savings to the highest possible degree, the Building Society will be encouraged to make every effort to increase the level of local savings. At the same time, the Government is reviewing its housing policy with a view to reducing its investment in staff housing. The African Staff Housing Fund will charge mortgage rates not less than the interest paid by

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the Federal Government on funds which it raises for the purpose. This accords with the general policy of eliminating subsidies as far as possible and of placing the cost of a scheme upon its beneficiaries.

166. The sum of £1.344 million has been tentatively set aside for housing development in the Metropolitan Area when this becomes practicable.

167. £1 million has been spent in the past on slum clearance. The funds derived from the disposal of cleared land will be available for further clearance. The scheme will thus be completely self-financing and will require no further capital allocation.

168. The total cost of the integrated programme for land development, housing, and provision of mortgage credit will require the sum of £14.028 million. Of this sum, the Federal Government hopes to provide £3.456 million, the remaining funds being derived from income generated by the Building Society, the African Staff Housing Fund, the sale of leases at economic rates and the sale of houses.

(2) Transport Policy.

169. As with all major cities, Lagos is confronted with an increasingly difficult traffic problem which is of great economic importance. The Lagos transport problem is made even more acute by the fact that the island is at present linked to the mainland by only one bridge and one ferry service. The delays due to traffic hold-ups can, and do, contribute to increasing costs of badly needed development goods. Mention has already been made (paragraph 158) of a United Nations team which will study land use and transport development in the Federal Territory.

170. In the meantime, to relieve traffic congestion, the Lagos Executive Development Board plans to construct a clover-leaf approach to the southern end of Carter Bridge at an estimated cost of £950,000. The construction of the Second Mainland Bridge by the Federal Ministry of Works has already been mentioned. The Lagos Town Council intends to construct seven miles of new streets and a new bridge across the MacGregor Canal at a cost of £522,000. Other projects of Lagos Town Council will include street and drainage improvement, and additional street lights at a cost of £450,000.

(3) Other Services.

171. Included in the plans of the Lagos Town Council is the construction of four new markets, of which three will be located on the Mainland. It is expected that this will encourage greater decentralization of commercial activities in the island. The total cost is estimated at £676,000. When, in about three to four years, the markets come into full operation, they are expected to generate funds sufficient to cover recurring costs and some repayment of capital.

172. £100,000 has been set aside to acquire land for and to develop a Lagos abattoir. The outcome of the expert agricultural investigations mentioned in paragraph 16 above will determine the manner in which this project will be implemented.

(4) Protection of Victoria Beach.

173. £50,000 has been allocated for experiments to determine a feasible engineering solution to the problem of protecting Victoria Beach and the associated threatened silting of the outer mole of Lagos Harbour.

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/174.

Table No. 18

LAGOS HOUSING TARGETS

	<u>MINIMUM PROGRAMME</u>	<u>MAXIMUM PROGRAMME</u>
1. Lagos Population in 1951	250,000	230,000
2. Lagos Population in 1961	364,000	450,000
3. Average annual rate of change 1951-1961	4.5%	9.5%
4. Lagos Population in 1967 (projected by (3))	466,760	663,750
5. Population Growth 1962-1967 (rounded)	102,000	214,000
6. New Units Required ^(a)	17,000	35,666
7. Existing Units Necessary to house present population	60,666	75,000
8. Replacement Units Needed 1962-1967	7,585 ^(b)	11,250 ^(c)
9. Total Unit Requirement ((6) + (8))	24,585	46,916
10. Annual Unit Requirement when spread over six years	4,098	7,819
11. Average Annual Unit Requirement: 5,959 units, say 6,000 units p.a.		

Notes:- (a) A unit is defined as housing for six persons.

(b) Assuming units depreciated at 2.5% p.a.

(c) Assuming units depreciated at 3% p.a.

Table No. 19

LAGOS TOWN COUNCIL
MARKET EXPANSION 1962 - 1968

A.

LOCATION	NUMBER OF STALLS	TOTAL COST £	CUMULATIVE TOTAL COST £	COST PER STALL £
1. Lagos Textile Market (Oko-Awo)	700	371,100 ⁽¹⁾	371,100	378
2. Surulere	1,000	180,000	551,100	180
3. Apapa	1,000	136,000	687,100	136
4. Abule-Ijesha	200	27,200	714,300	136
<u>TOTAL</u>	<u>2,900</u>	<u>714,300</u>		

B.

ECONOMIC AND FINANCIAL RESULTS OF MARKETS

	1963	1964	1965	1966	1967
1. Capital Costs ⁽²⁾	39.7	58.2	71.2	72.3	70.2
2. Operating Costs	7.5	12.3	16.3	16.3	16.3
3. Total Costs	47.2	70.5	87.5	88.6	86.5
4. Gross Income	39.2	71.5	103.8	110.2	110.2
5. Net Income	- 8.0	1.0	16.3	21.6	23.7
6. Economic Rate of Return	- 2.2%	0.19%	2.6%	3.4%	4.0%

Footnote

(1) Excludes rehousing costs.

(2) Capital cost here is made up of 4% depreciation on cumulative total cost plus 7% interest on depreciated value capital.

174. The following is a summary of proposed capital expenditure on Town and Country Planning :-

	<u>£ million</u>	<u>£ million</u>
1. Lagos Executive Development Board of which out of L.E.D.B.'s own funds:	14.028	10.562
2. African Staff Housing Fund	1.830	
3. Loan to Building Society	1.500	
4. Possible Federal contribution to additional housing within the Metropolitan Area	1.344	
5. Activities of Lagos Town Council	1.843	
6. Investigation of Protection of Victoria Beach	0.050	
<u>T O T A L :</u>	<u>£20.595 million</u>	

J Social Welfare

(1) Labour Exchanges.

175. One of the main targets of the Plan is the creation of more employment opportunities in non-agricultural occupations and to ensure that the maximum use is made of scarce resources of skilled manpower. An essential service will, therefore, be provided by the Ministry of Labour's activities in the fields of job placement, trade testing and factory inspection. To expand these activities, eighteen combined labour exchange and office buildings will be constructed, thirteen of them sited in the main commercial centres of the Regions. Although the total capital cost of these buildings is provisionally estimated at a mere £130,000, it must not be overlooked that the major activities of the Ministry are of a recurrent nature. An additional £240,000 is required for staff housing.

176. In addition to its normal activities in the field of preventive mediation and conciliation in trade disputes, the Ministry is already undertaking surveys and investigations into /such

such highly important subjects as occupation classification and employment market information. Mention must also be made of the recent establishment of the National Provident Fund. The fund, which is still in a formative stage, will, it is believed, provide a measure of social security to workers and induce greater stability in employment.

(2) Co-operative Credit.

177. The sum of £255,000 is allocated to the Lagos Co-operative Central Financing Society. This society will act as a central agency for various small-scale co-operative societies covering such activities as fishing, building and other crafts. It will regulate their financial policy and provide credit for their activities.

(3) Youth Programmes and other Welfare Programmes.

178. £220,000 has been set aside for youth clubs and this sum will be supplemented by grants to voluntary agencies amounting to £80,000. The construction of a remand home for juvenile delinquents will cost £120,000. Grants to assist the disabled, will amount to £85,000.

(4) Sports Programmes.

179. Construction of a National Stadium to replace the present temporary structure is provided for at a sum of £1 million. Nigerians have already demonstrated an outstanding ability in many fields of sport and continually improving standards require that a fitting arena should be made available. It is hoped that, when completed, the project will become self-financing. £70,000 has been set aside to assist in the further development of sports.

(5) Fire Services.

180. There has been no major expansion of the fire services

/for many

for many years. The rapid expansion of Lagos makes it essential that the Lagos Fire Brigade be supplied with the buildings and equipment necessary for adequate protection of the city. The sum of £488,000 is allocated for the construction of a new headquarters fire station and new sub-stations at Onikan and Surulere, the latter to include a training school.

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181. The following table summarises the proposed capital expenditures on Social Welfare :-

	<u>£'000</u>
Multi-purpose Labour Offices and Staff Housing	370
Co-operative Credit	255
Social Welfare Expenditure	506
National Stadium	1,000
Assistance to Sports	70
Fire Services	488
<u>T O T A L :</u>	<u>£2,689,000</u>

K Information

(1) Domestic Broadcasting

182. The Nigerian Broadcasting Corporation is embarking on a ten-year development programme to expand its domestic broadcasting services. The Corporation already provides local coverage at seventeen major centres in the Federation which gives an opportunity to sell advertising of purely local interest. In order to bring more dependable services throughout Nigeria, the Corporation proposes during the Plan period to shift to a medium-wave transmitter at Kaduna of sufficient power to cover the whole country. At a later date, regional transmitters in the three Regional capitals may be added. The capital cost of the expansion will be £1.1 million.

183. The Corporation intends to increase the sale of advertising time. The expected revenues from advertising and licences will, however, not meet recurrent cost as at present forecast. It is intended, therefore, to make a major effort to improve the collection of licence fees and to review the rates for advertising, as well as to institute economies in operating costs.

(2) External Broadcasting

External Broadcasting services are administered by the Nigerian Broadcasting Corporation. The "Voice of Nigeria" is already in operation on a limited basis and ultimately will be heard throughout Africa. Plans call for broadcasts in four languages for two hours daily. A total of £1,085,000 will be spent on four transmitters at Ikorodu, studios and staff quarters. £560,000 has already been included in the Federal estimates for 1961/2. The remaining capital expenditure of £525,000 will be made in 1962/3.

(3) Television

185. Construction of the Federal television service is already underway and will become operative in the first year of the Plan. The service will be operated on a management contract basis by a private corporation. The sum of £730,000 is included in the Plan. It is, however, likely that part of this amount will be spent before April, 1962, the beginning of the Plan period. Steps are being taken to create out of the existing television systems a national system. It is hoped that emphasis in the national system will be given to educational programmes.

(4) Other Activities

186. The Federal Government fully recognises the great importance of accurate up to date and well organised public information appropriate to Nigeria's present status, and the Ministry of Information is, therefore, undergoing a process of re-organisation. In particular, it is hoped to invite an expert from Canada to advise on re-organisation of the Film Unit.

187. The total amount allocated to the various Information activities is £2.351 million.

III. EXPENDITURES ON GENERAL ADMINISTRATION

188. In conformity with the overall priorities of the Plan expenditures on administration have been held to the minimum consistent with the security of the Nation, the maintenance of law and order, the administration of justice for all, the efficient provision of administrative services needed by the community and the representation of Nigeria abroad.

A. Security

(1) Defence

189. The sum of £29.735 million is set aside for Defence.

(2) Police

190. Provision has been made for barracks and police posts, costing £10.342 million.

(3) Prisons

191. A total of £481,000 has been allocated to the construction of a new Prison at Makurdi, the reconstruction of the Prison at Ibadan and the improvement of other prisons. The sum also includes provision for prison workshops (including equipment and for staff quarters).

B. Other Government Services

(1) Census

192. Work has already begun on the Census, which will be completed during the early part of the Plan period. The cost is £1.025 million. The Census is expected to provide the first reliable and detailed population data which are essential for all future economic planning, and will constitute the basis for further specialized studies.

(2) Supreme Court

193. Provision of £272,000 has been made for the construction of a new Supreme Court building.

(3) Embassies

194. The establishment of new embassies will require the purchase of buildings in certain foreign capitals. The sum of £1.620 million is allocated for this purpose. The possibility of renting suitable accommodation will be explored before a final decision on purchase is taken.

(4) Customs Houses

195. The sum of £212,000 is allocated to the construction of new Customs Houses at Lagos and Kano, and for a new training school for customs officers.

(5) New Tinubu Square Office Building

196. A new Tinubu Square Office Building, which will be erected at the cost of £500,000, will relieve the present over-crowding in Government offices.

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197. The following table summarizes the proposed capital expenditures on General Administration:-

Defence	£29.735 million
Police	£10.342 million
Prisons	£0.481 million
Supreme Court Building	£0.272 million
Purchase of Embassies	£1.620 million
Customs Houses and Training School	£0.212 million
Tinubu Square Office Building	£0.500 million
Census	£1.025 million
	£44.187 million

IV FINANCIAL OBLIGATIONS

(1) Pension Fund for Coal Corporation.

198. £1 million has been set aside to fund the Coal Corporation's pension liabilities. The Corporation will receive Government securities to that amount; the economic cost to the Federal Government will therefore be only the interest payable on the securities.

(2) Nigerian Membership of International Institutions.

199. During the Plan period, Nigeria intends to pay one-third of its membership quota in the International Bank for Reconstruction and Development, and to become a member of the International Development Agency. The sum of £700,000 is set aside for these purposes.

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200. The following table summarizes the proposed expenditure for financial obligations:

	<u>£'000</u>
Pensions Fund for Coal Corporation	1,000
Lump Sum Compensation	500
One-third of membership in I.B.R.D., I.D.A., etc.	<u>700</u>
Total	<u><u>£2,200</u></u>

V

201. The Federal Development Programme, the details of which have been described in this document, must be viewed as part of the National Plan and has followed the same set of priorities as have the Regional Programmes. The implementation of the Federal Programme, as indeed of the whole National Plan, represents a challenge to the Governments and people of this country which they are determined to meet. The Federal Programme and the whole National Plan constitute the first major step forward in a series, the objective of which is to take Nigeria to that stage of economic development where she will be able to stand on her own feet. The process is unlikely to be easy. It will call for clarity of vision, for determination and for sacrifices which may be painful. The Government is determined that these sacrifices will be shared equally and justly by all Nigerians. It must be added that specific policies, whose precise details are now being worked out, will be devised to ensure that Nigerians participate to the fullest extent possible in the realisation of the national objectives which the Governments of the Federation now set before them.

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CHAPTER 7

NORTHERN REGION DEVELOPMENT PROGRAMME, 1962-68

SUMMARY

I. BACKGROUND

1. The prime consideration in planning for the economic development of an area of such vast but under-developed potential as Northern Nigeria is to recognise first the basic deficiencies of the area and to direct priority attention to corrective measures. To maximise results, careful thought had to be given to the choice of areas of development first to be undertaken, and to the probable results of such action so that timing for successive activities could be planned and co-ordinated. From the start, strong emphasis has been placed on the fields which provide the highest potential yields at the fastest rates; the ensuing increase in gross regional product will then permit the diversion of a portion of future increases in income to other essential services with an accompanying increase in the Region's general level of living. Serious attention was also devoted to emphasising those phases of the productive economy for which the Northern Region is best suited with the aim of gaining the mutual benefits of trade with the other parts of the Federation.

2. The Northern Region covers 77.9% of the total area of the Federation with a population estimated at 18.8 million or 53.7% of the nation's total. With the exception of a few areas of concentration about a major city (e.g. Kano) density of population is low; distances between centres are great and the road system inadequate. Most of the region suffers from inadequate supplies of water. The Region's most important economic pursuit is agriculture and 87% of the population derives its income directly from farming. Food supplies are reasonably adequate ⁱⁿ quantity and quality; dietary standards are generally higher in protein than elsewhere in Nigeria, and

.../there

there is less reliance on cassava. A variety of produce from the Region, grains and vegetables, meat, and dried fish find their market in the south. Per capita income is at an extremely low level and consequently the capacity to generate savings is low. Industrial development is in the very early stages. There is, moreover, not only a shortage of financial resources, but a particularly critical shortage of trained personnel. In spite of the strides made in recent years the spread of education lags behind that of the other Regions. In a few areas school attendance approaches acceptable standards, but in most it is extremely low. On average, only one child in ten of school age can be accommodated in the present school system.

3. Top priorities of the Northern Region Development Programme are to be centred on the agencies of primary production: agriculture, fisheries and animal husbandry. Transport will also receive priority since the development of a good road network is essential to the success of the agricultural programme. Water supplies for agriculture, industry and amenity use must all be expanded. Emphasis will be placed on industrial development to lessen the Region's dependence on agriculture. These are the fields which have the greatest potential for economic returns in the early years of the development programmes. Priority is also given to development of education, the greatest emphasis being laid on technical education. It is considered that these measures will most directly contribute to generate the maximum output which will provide a basis for further progress in the actual services.

4. The emphasis of the Northern Region Programme has, therefore, been directed towards those fields promising the greatest potential returns in the shortest time. Administratively, the programme has been divided into three parts, these being -

.../Programmes

Programmes to be executed by:-

- (a) The Regional Government;
- (b) Statutory Corporations;
- (c) Native Authorities.

(a) Government Programmes

These programmes are confined to those functions concerned with general planning, research and experiment, supervision and administration, promotional activities to stimulate private initiative and administration of teaching programmes. In the main Ministries will not directly concern themselves with programmes, which are, or should be, primarily commercial in nature, or the purchase and sale of supplies or produce.

(b) Development Corporations

In the past Government's main agency in the development of business enterprises has been the Northern Region Development Corporation. Financed by grants from the Marketing Board, the Corporation has initiated enterprises ranging from a £1,500,000 textile factory to a small oilseed processing factory, as well as numerous light industries in the Kano area. Its activities have embraced agricultural development schemes including large scale rice cultivation, land settlement schemes and loans for mixed farming. It has further financed and undertaken road construction and entered into the road transport business. Small businessmen have been helped with loans at favourable rates of interest. The activities of the Corporation have been widely spread over the commercial, industrial and agricultural fields, and, with the limited resources available, a good deal has been achieved in generating viable enterprises in this vast area. Much has been learnt by experience during the past years, the main lesson being that commercial enterprises to become viable and to attract private capital from outside sources must be freed from too close a Governmental control.

.../Apart

Apart from direct expenditure on roads, grants, etc., the Corporation's resources as at 31st March 1961 were deployed as follows:-

<u>Type of Investment</u>	<u>£</u>
Agricultural	231,250
Transport	982,500
Commercial	592,100
Industrial	1,181,600
Loans to Native Administrations	491,000
Loans to individuals	817,000
Plant Hire Scheme	96,000
<u>TOTAL</u>	<u>£4,391,450</u>

A further source of development capital for commercial enterprise within the Region is Northern Developments (Nigeria) Ltd., a company formed by the N.R.D.C. and the Colonial Development Corporation immediately prior to the attainment of self-government by the Region and the consequent withdrawal of the C.D.C. from further direct investment in the area. This company has an authorised capital of £1,250,000, of which £750,000 will come from the C.D.C. and £500,000 from the N.R.D.C. Of this amount £75,000 has so far been called up. Investments made so far by the company are shown in the table below:-

Nigerian Hides and Skins Ltd.	£8,000
Bottling Corporations Ltd.	£50,000
	<u>£58,000</u>

A further £427,000 is committed to investment in four other projects.

In the six-year Plan period Government proposes to expand and intensify its efforts in the private sector.

Priorities within the sector remain the same as those for the overall plan. A total investment of some £32.7 million is envisaged and, by comparison with the total already invested by the N.R.D.C., it is clear that an expanded and more specialised organisation is required to achieve this level of investment. It is intended to achieve this aim by the establishment of a new Industrial, Agricultural and Housing .../Corporations.

Corporations. The projects previously administered by various Ministries will be transferred to the appropriate new institution and non-viable projects will be liquidated. The new institutions will be run on commercial lines and expect to finance themselves with additional private funds and out of their profits. The specific functions are adequately described by the titles of the institutions.

The Development Bank will be an autonomous institution free from Government control but with the full support of Government. It will not be confined to investing only in the new Corporations but in its discretion may invest in other projects submitted by individuals or institutions. It will, however, constitute the main source of finance for the Corporations, but their projects will receive the same detailed appraisal from the Bank Staff as any other. It is anticipated that the Bank's structure and organisation will be such as to generate confidence in outside investors and in particular international institutions such as the International Bank and its associates. In principle, its organisation will follow that of the model of other similar institutions such as the successful Industrial Development Bank of Turkey, but it will be designed to meet the special circumstances of Northern Nigeria. Assistance in establishing the Bank and the Corporations, in preparing the charter, enabling laws and their organisation and in providing management, is being sought from the International Bank, and in the first years of its operation technical staff for appraisal studies as well as training will also be sought from this and other sources.

As stated above, the initial capital of the Bank will be provided from the existing reserves of the Northern Nigeria Marketing Board.

It is proposed to mobilise the larger part of these for investment in the Bank, leaving the Marketing Board with

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just over £6,000,000 for working capital. This entails relieving the Board of its liability for subsidising the producer price of crops in lean years, and fixing producer prices annually at such a level in relation to world prices as to anticipate a surplus on the year's operations to cover operating costs. The Marketing Board will inevitably look increasingly to Nigerian sources to provide the short-term credit for crop purchase. Loan repayments from the Federal and Regional Governments will form part of the financing of the Bank.

By these means a total of £17.7 million can be made available to the Bank over the six years. This sum should be sufficient to attract outside investment not only to the Bank itself, but also to individual projects worked up by the Corporations, to the tune of the £13.5 million needed to fulfil the objectives set in the Plan.

Negotiations with the Colonial Development Corporation will be held to decide the place of Northern Developments (Nigeria) Ltd. in this structure. It is hoped that the C.D.C. will welcome participation in a commercially operated institution such as the Development Bank and might be prepared to associate the N.D.N.L. in some way with the Bank. In this case a further £1,250,000 would be added to the assets of the Bank.

(c) Native Authorities

The third body of expenditure concerns the Native Authorities. The importance of the Native Authorities system in the Northern Region may be appreciated from the size of current expenditure - in excess of £10 million annually - which are financed by taxes and fees collected by the Native Authorities themselves. Moreover, there are many projects listed under ministerial appropriations which in part or whole are activated through the Native Authority services. Native Authority financing is distinct from the general Government

.../budget

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budget, and Native Authorities' plans had not in the past covered the same period as the Government Plan. It is the intention now to project the plans of the Native Authorities over the same period as the national plan. The Native Authorities will be advised to emphasise the priorities laid down by Government. The change will take some time to effect since Native Authority administration, composed as it is of some seventy distinct units in a wide range of size and degree of economic prosperity, constitutes an extremely complex set up. At this moment, no special capital budget is provided for the Native Authorities within the framework of the proposed Six-year Development Programme. On a rough estimate a £10 million capital programme will be undertaken in this sphere during the period.

II. SUMMARY OF FINANCING

5. The total Capital Expenditure programme of the Northern Region for the six years 1962-68 is expected to reach £97.7 million, excluding separate Native Authorities programmes. In Table 2, a comparison is made of the average annual rate of capital expenditure in past years with the average proposed annual expenditure, by sectors, in 1962-68. Such direct comparison must be used with caution. The rate of expenditure in the Northern Region is increasing at a rapidly accelerating rate. For 1955-56 capital expenditures were but £1.29 million; in 1960-61 (the last year for which complete figures are available) capital expenditures had reached £6.86 million. The £54.3 million of Ministerial Capital Programme, together with total recurrent expenses which are estimated at £198.0 million for the six-year period will bring the Region's total commitments (including increased public debt charges of £9.0 million) to £263.3 million for the period. Revenue (see Table 3)

.../will

will be £203.4 million, internal borrowing is estimated very conservatively at £12.0 million and external aid at some £27 million, the 50% limit adopted for planning purposes by all the Governments.

6. In respect of choice of activities under the Development Programme, and their priorities, the Regional Government has made a determined effort to choose programmes which would result in the quickest and largest increase in Gross Domestic Product in an effort to generate greater income at the earliest date possible. The Programme has been geared to the expected executive ability. The Region has also endeavoured to rely as much as possible on local resources and to keep the size of the programme within safe financial limits.

III. BODY OF MINISTERIAL CAPITAL BUDGET

7. The expansion of agricultural productivity is accorded top priority since agriculture is the Northern Region's greatest potential asset. Moreover, it can be expanded greatly in terms of productivity on the basis of experimentally derived knowledge already available from the Region's research stations. Given a reasonably efficient system of farm extension training, yields may be expected to swell with relatively small extra cost to the farmer. It is not beyond possibility that average farm net income should be doubled within the next decade or so. With increases in productivity a surplus of labour will be released from the farms which, with properly integrated training programmes, will form the nucleus of a supply of factory labour for expansion in industry.

8. At an early stage in the development of the Northern Region programmes, an attempt was made to forecast potential future yields of the major crops. Current yields were

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analysed with respect to the effects of experimental practices tested at the Regional Research Station at Samaru. Forecasts were then prepared to reflect the increases in production which might reasonably be expected to result from a realistic assessment of the probable effects of an expanded, dynamic Farm Extension Service programme. Results are summarised in Table 1 - Possible Increases in Production 1962-68. The increases in production which are expected will at least equal, and in nearly all cases surpass, the suggestions put forward by the FAO-ICA report 1961, as desirable achievements to result from an improved agricultural programme.

9. The Ministry of Agriculture places importance on the rapid expansion of its Extension Service and improvement of its quality. It is intended to provide one trained extension worker for each 2,000 farm families, as contrasted with the present rate of one for 20,000. This approach promises the greatest potential increase in production in the shortest time considering factors such as costs, availability of trained manpower (including new trainees) and probable acceptance of new fertilisers by farmers.

10. All evidence suggests that increased use of fertilisers, particularly of phosphates, will substantially increase yields. Government intends to build up the increased use of fertilizers by a subsidy programme until the market reaches sufficient proportions to attract commercial production.

11. If the indicated yields and production of the ten major crops as set out in Table A can be achieved, the increase in Gross Annual Regional Farm income over the Base year may reach approximately £75 million for 1967-68, or an increase of 40.6 per cent.

12. In another direction, expansion of agriculture production may be attained through the opening of new areas and the conservation of old. Irrigation and drainage projects, conservation and reclamation, soil studies and mapping, and continuing basic experimental research are all required, and all are provided in the Agricultural programme to the extent to which financial resources available within the period of the plan will permit. The total expenditure to be devoted to these basic functions accounts for £3.6 million of a total of nearly £22.6 million in the broad field of primary production.

13. Without exception, acreage under cultivation is expected to increase in every province of the Northern Region, with consequent expansion of future crop production. Essential to this progress is the development of new transport facilities and the modernisation of existing ones. Improvement of river transport is expected as an accompaniment of the Niger Dam Project. The Bornu railway extension at present under construction, requires a system of feeder roads to tap new areas of production, and the location and building of these roads constitutes a major portion of the 1962-68 Roads Programme of the Northern Region. Additional key links between production centres and markets throughout the Northern Region are to be built or improved to meet modern requirements. The expansion of crop production, both from increased yields and development of new areas will bring increased pressure on the transport facilities which at present are inadequate.

14. In addition agricultural education programmes are provided and nearly three quarters of a million pounds will be devoted to them. The Ministry of Agriculture will provide practical demonstration programmes in the field such as in the use and maintenance of mechanised equipment including tractors

.../and

and will establish farm institutes for providing practical basic agricultural education to young men. Loans to farmers for the purchase of equipment will be provided through an agency of the Agricultural Corporation.

15. There is a vast potential for the development of inland fisheries in the Northern Region, with consequent improvements in the national diet through increases in high protein food supplies. Plans are to concentrate first efforts on the Niger, Benue and Kaduna rivers, with a suitable base probably near Jebba. The project will involve the development of better technique in fishing and marketing, and the introduction of modern equipment, together with suitable programmes to teach local fishermen. The cost of the programme is set at £88,755. Extension of Pond Fisheries using dammed waters and mining paddocks is also planned based on experience of the Panyam Fish Farm, and requires some £32,400. Lake Chad is already a source of considerable supply of dried fish which travel well into the other Regions as well as the North. The product, however, leaves much room for improvement in quality and cost. Given better techniques (boats, nets, methods of curing, etc.) plus a lorry road to Maiduguri (most of the fish now travel via camel train) fish production may be expected to expand four or five fold to at least 50,000 tons annually or £4.5 million in monetary terms. The scheme for improvement of fishing on the Lake includes a loan programme (for nets and boats), training in fishing and curing, further experimentation in curing and packing, a road works programme to rail-head (eventually at Maiduguri) and a marketing programme. Total cost involved can be paid off out of increased returns in perhaps five to eight years with a resultant flourishing trade furnishing good protein food to many areas of Nigeria and elsewhere. The loan programme and other commercial aspects of the programme will

be assigned to the Agricultural Corporation. Training and experimentation will continue to be the responsibility of the Ministry of Agriculture. Ministry of Works will provide the roads and related facilities. These economically viable projects cut across many programmes and will directly serve markets in the other regions (as well as locally), and conserve foreign exchange for the nation.

16. A number of smaller projects of the Ministry of Agriculture are designed to promote apiculture (£10,800), control of the quelea bird (£180,000).

17. An ambitious Tree Plantation programme has been planned, under which plantations of kola, coffee, cashew, palm oil and citrus would be established with a view to eventual sale to private enterprise. The Ministry of Agriculture would establish the necessary nurseries and furnish administrative supervision in the development of the projects, while the commercial aspects, including sale of crops and sale of the plantations themselves, would be the responsibility of the Agricultural Corporation. The programme calls for an allocation of some £11.5 million if the maximum acreage (20,000) were to be established; and at a conservative estimate of return the project promises to be self-supporting. By the end of the Six-year period, annual crop income should exceed £750,000 at current prices.

18. Among other programmes of direct benefit to farmers are the provision of increased training facilities for co-operative staff and the establishment of a Co-operative Bank with an estimated capital of two million pounds.

19. In addition to continuation of the Rinderpest and Tsetse Control programme already in operation, the Ministry of Animal

.../and

and Forest Resources plans intensive programmes for improvement of sheep and goat stock and integrated programmes for the marketing of livestock products aimed at expanding and improving the present network of abattoirs and retail meat markets. A chilling plant will be established and stock routes and railing facilities will be improved. A demonstration tannery will also be established. The Ministry also plans the establishment of six model poultry production units, and a £75,000 loan programme to finance poultry producers. These programmes will not only increase the quantities of high protein foods produced but should improve greatly the quality of the products including the benefits of better butchering, processing, transport and marketing practices. Successful projects will eventually be transferred to private enterprise either through the Agricultural Corporation or direct. Other Regions as well as the North will benefit substantially as a result of these improvements.

20. The Ministry of Animal and Forest Resources plans a number of improvements and aid programmes to the animal industry under the head of Fulani Amenities. They will include cattle treatment centres, water supply development (including continuation of the Bornu bore-hole tests), fencing, reseedling of pasture and supplementary feeding.

21. The Ministry has developed plans for the conservation of forest areas, and concurrent rain-water conservation through soil-moisture retention. These are to be supplemented by trial species plantations and a demonstration saw-mill operation, which is expected to be economically self-supporting. The programmes aim at amelioration of the current serious wood fuel problems of the Northern Region.

22. Education

The Region is keenly aware of the very compelling need for it to evolve an education programme designed not merely

.../to

to catch up with the other Regions but to provide a trained body of manpower for the demands of an expanding economy at the Regional as well as the Federal level. An efficient administration is essential to serve the rapid growth of schools at all levels. A re-organisation of the administrative machinery is, therefore, contemplated which will separate the purely administrative from the inspectorial functions. Capital expenditure for this purpose will amount to £399,860 and covers the cost of office and residential accommodation for this increased staff.

23. Primary

The plan for the next six years is designed to ensure the rapid growth of a balanced system of education. The target for primary education is that by January, 1970, at least 28% of the 6-7 year old age-group in each Province shall enter Primary School and that as soon as possible every child entering Primary School shall have the opportunity of going on to complete the full course. Plans have been worked out for each Province and these indicate that by 1970 the Primary School enrolment will have risen from the present 300,000 to more than 800,000 as a consequence of implementing this programme. It appears likely, too, that in most Provinces children entering Class I in 1964 and succeeding years will be able to go right through to Class VII. In those Provinces where more than 28% of the 6-7 year old age-group is already in Class I there is still a great deal of work to be done in building up the Senior Primary classes and improving the quality of staffing. Every Province, whatever its present position will have a full primary school programme to work on up to 1970.

24. Secondary Schools

Primary School leavers are expected to increase from 14,000 in 1961 to 85,000 in 1970. It is hoped to provide at .../least

least 10% of these leavers with places in Secondary Schools, so that the intake will rise from 2,000 in 1962 to at least 8,500 in 1971, involving an additional 200 streams. In order to reach this target it is hoped to open as many day schools (or day streams at existing schools) as possible to achieve maximum economy. Schools are now in the process of changing over to a five-year course in place of the old six year course; this will mean economy in buildings and staff. About one quarter of the secondary leavers should go on to Higher School Certificate and three fifths of the Higher School Certificate leavers should go on to the University.

25. Teacher Training

There will also be an advanced training college which will be helped considerably by the services of UNESCO staff who will train their Nigerian counterparts. The College will provide a three-year post-secondary course and will have an intake of 150 students a year. It will produce teachers for the greatly expanding number of secondary schools in the Region.

26. In addition some 25,000 teachers must be trained if the primary schools are to be suitably staffed. The standard laid down for staffing by the Ministry of Education may not be attained in some Provinces until after 1968 when the position is expected to improve rapidly with 7,000 teachers a year coming out of training colleges. By 1970 there should be about 25,000 students in Government and Voluntary Agency training colleges.

27. A standard five-year course of training is now being introduced and will supercede the various courses now in existence. It is expected that about half of each intake will leave at the end of three years as Grade III teachers while the rest go on for the fourth and fifth years to emerge

.../as

as Grade II teachers. Eventually it is hoped that more and more secondary school leavers will seek Grade II training until this becomes the normal type of Grade II teacher.

28. Training Colleges will, as far as possible, be planned to develop eventually into either two-stream Colleges with ten classes and 300 students or into four-stream Colleges of twenty classes and 600 students. It is also expected that future men's colleges will be situated in large towns where dormitories will not have to be provided, since a great deal of capital is absorbed by boarding facilities. Rural Education Colleges will continue to give specialist training to selected teachers.

29. Technical Education

A comprehensive system of technical education is planned to produce the various levels of technicians needed in the North. It includes:-

(a) Craft Schools: 13 Craft Schools are planned. Each of these will have a three-stream intake for a three-year course (i.e. 270 boys will be in each school at this level) and each school will also have one fourth-year and one fifth-year class, at the end of which pupils will take General Certificate of Education at Ordinary level in mainly technical subjects

(b) Technical Training Schools: Three of these schools will give a three-years course leading to City and Guilds Certificates in a wide variety of trades. Each school will take about one hundred boys every year from the output of the three-year course at Craft Schools.

(c) Secondary Commercial Schools: Pupils who have completed three years at Craft Schools will be eligible for entry to the two proposed secondary Commercial schools which will each accept 150 students a year for a two-year course leading probably to the Royal Society of Arts Stage II examinations in commercial subjects.

(d) The Polytechnic: This is planned as a post-secondary institution for 1,250 students who will work in a wide range of subjects for professional qualifications (in pharmacy, surveying engineering, etc) and for general examinations such as G.C.E. (Advanced Level). It is hoped also to provide facilities for evening classes in addition to the full-time day classes.

30. University:

The development of the University is a long-term project. The allocation showing in the Programme is a provisional figure.

31. Health

The ultimate aim of the Regional Government in the medical and health field is to establish, over a period of years, a fully integrated curative and preventive service, operating throughout the Region. This service will be based, as it is now, on a network of dispensaries feeding patients to polyclinics (rural health centres) which in turn will send patients to hospitals. The ultimate aim is to establish one 60-100 bed hospital in each constituency, since these constituencies provide standard units of population which Provinces and Divisions do not. There would eventually be approximately one bed per thousand of the population. It must be emphasised, however, that this is a long term project;

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there are over 170 Parliamentary Constituencies; there are at the moment 33 Government Hospitals in the Region and each country-type hospital costs nearly £150,000 to build and equip and about £18,000 a year to run; these figures speak for themselves. While this vertical curative structure is being built up, special programmes for the control of endemic and epidemic diseases, particularly sleeping sickness, leprosy, yaws, malaria, small-pox and cerebro-spinal meningitis, will continue to operate throughout the Region in association with W.H.O. and U.N.I.C.E.F.

32. Local Government Authorities and Voluntary Agencies are responsible for operating the dispensary services, aided by capital and recurrent grants from Government. Nearly 700 dispensaries already exist throughout the Region but a total of 1800 is needed if the aim of one dispensary per 10,000 people is to be achieved. Considerable strides are now being made as a result of the training facilities offered by the Medical Auxiliaries Training School, Kaduna. During the period of the 1962-68 Plan the opening of new dispensaries will be encouraged by means of grants as fast as trained staff is available to man them. In this connection, further extensions to the Training School are planned.

33. Two Polyclinics (rural health centres) exist at the moment, two more are under construction and two more are planned for the 6 year period but many more are needed to reach the ultimate aim of one polyclinic to every five dispensaries.

34. Twenty new country-type hospitals (60 beds) are planned, at a cost of £150,000 each; and a new 240 bed hospital at Kaduna will be built at a cost of £711,000 to replace the present out-of-date building; out patient's facilities at

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this new hospital will be greatly improved and will compare with outpatients facilities anywhere in Nigeria. The hospital will also incorporate the Guinness Ophthalmic Unit; work on this Unit has already started. The programme of extensions to, and modernisation of, existing hospitals will continue and £1 million will be set aside for this over the 5 year period.

35. Training:

The magnitude of the task of providing full medical and health coverage to modern standards will be apparent and the full achievement of Government's aims cannot be apparent during the period of the plan. A major limiting factor is the provision of trained staff at all levels, from Specialists to Laboratory Assistants. The 1955-62 Plan laid great emphasis on training and a number of new institutions are now in operation producing the trained staff necessary for the hospitals, polyclinics and dispensaries. The intake of nurses-in-training at Kaduna, Katsina, Zaria and Jos will be increased by the provision of new Hostels at the hospitals, at an estimated cost of £192,000. A further £192,000 will be needed for additional hostels for probationer Midwives at the eight Grade II training hospitals. Lecture rooms and instructional accommodation will be added to the Community Nurses Training School at Kaduna, at an estimated cost of £50,000 to take advantage of the improved training facilities to be offered by the new Maternity and Child Welfare Clinic in Kaduna. The School of Hygiene, Kano, the School of Pharmacy, Zaria and the Regional Laboratory, Kaduna will be expanded to train the Specialist staff required by the institutions planned for the period; an estimated £85,000 will be needed for this.

36. The process of training a Doctor takes 8 years from the passing of the General Certificate of Education (Ordinary). There are now six Northern Doctors; twenty-four Northerners

.../are

are studying medicine and it is hoped that they will qualify during the period of the plan, and take up their duties; twenty-four more are in training with a view to taking up medical studies. The manning of the Region's medical services with its own doctors cannot therefore be achieved in any one plan period, but it is intended that an accelerated programme of scholarships for medical training should be instituted during the period.

37. Other services:

Dental services will be expanded by the provision of a new Dental Centre at Kaduna and new centres at Sokoto, Makurdi, Zaria and Yola, for which an estimated £60,000 will be needed. There is pressing need for a Tuberculosis unit which will be established in the Kano area; an estimated £150,000 will be needed for this. Modern sanitary facilities will also be provided for the new Junior Primary Schools established in Kano under the universal primary education scheme there, so as to enable health education to play its full part in the curriculum; an estimated £55,000 will be required for this.

Administrative expenditure on extensions to the Regional Medical Stores to supply the new hospitals and Leprosy and Health Offices, etc., will be needed, to the tune of £100,000.

Other items will include extensions to the Chemistry Laboratory in Kaduna and the provision of a Psychiatric Annexe in Zaria Hospital, for which an estimated £50,000 and £35,000, respectively, will be needed.

38. Roads:

The basic Road Development plan envisages the expenditure of more than £24.5 million over the six years. Of this total £21.3 million will be expended on new projects whilst an additional £3.36 million will be devoted to projects commenced

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in the final years of the 1960-62 extension of the last development programme. A total of over 2,000 miles of roads will be involved. Such important links as Keffi-Abuja-Bida, Bida-Egbe, Gubi-Bunga, Kaduna-Kachia-Keffi will be tarred (a total of over 700 miles). The building of the bridges over the Kaduna at Wuya and the Gongola at Hinna will ensure constant access to areas which could formerly only be approached by long detours at certain times of the year.

39. Much emphasis has been placed on providing a network of feeder roads to the Bornu Railway extension and these have been given high priority. They include important links to the railway with the producing areas in Bauchi, Adamawa and Bornu Provinces. A whole new area will thus be opened up and its economy given impetus by these feeder roads. The roads will be heavy-loading, bitumen-surfaced roads. Those feeder roads totalling some 900 miles will cost an estimated £11 million.

40. High priority is also accorded to another road which will prove of great economic significance: that from Lokoja to Jamata, Koton Karifi, Abaji, Toto and thence to Keffi. The important iron ore deposits around Agbaja and the equally important limestones at Jakura will be reached by the road link and conveyed thence to the Niger, destined for manufacture into steel and cement.

41. Water Supplies

Government has always recognised that Water Supplies are a basic requisite for any development, economic and social. For many years now large amounts have been expended on the provision of both urban and rural water supplies. The last two years of the extension to the 1955-60 plan saw the expenditure of well over £2.5 million on this vital amenity.

42. In the new plan the high rate of expenditure will be continued. Urban water supply will be expanded. This will extend many existing supplies at such places as Kaduna, Jimeta, Makurdi, Oturkpo, Maiduguri, Ilorin, Pategi, Idah, Okene, Lokoja, Kazaure, Katsina, Abuja, Jos, Zaria, Kafanchan, Sokoto and Mubi. In line with the new developments consequent upon the Bornu railway extension, such towns as Gombe (Industrial Area), Potiskum, Damaturu, Hong, Little Gombi and Hoss will have piped supplies. New supplies will also be provided in a number of medium sized towns entailing an expenditure of over £5 million.

43. Development of Rural water supplies will be continued, with wells and bore holes provided at the same rate as in the current development plan. A total of £2,257,000 will be expended on this. Urban and rural water schemes will together involve £7,442,000 of expenditure.

POTENTIAL INCREASES IN PRODUCTION AND GROSS FARM RETURNS
TEN MAJOR CROPS IN NORTHERN NIGERIA
1962-68

TABLE 7

<u>Production ('000 tons)</u>				<u>Valuations at 1960-61 Prices²⁾ (£'000)</u>	
<u>CROP</u>	<u>Base Year¹⁾</u>	<u>1967-68</u>	<u>Potential increases as percentages</u>	<u>Base Year</u>	<u>1967-1968</u>
Groundnuts	667	1055	58	34572	54576
Cotton	137	280	105	6393	13106
Guineacorn	2126	2912	37	38268	52427
Millet	1800	2325	29	36000	46440
Maize	260	377	45	5460	7917
Rice	152	241	59	9120	14501
Yams	2994	3854	29	30689	39589
Cassava	1501	1817	21	15010	18162
Soya Beans	17	31	82	340	619
Benniseed	18	31	72	720	1238
				<u>176542</u>	<u>248275</u>

Increase 40.6%

NOTES:- 1) The "Base Year" represents an estimate by experts of the production of a hypothetical current year in which each crop achieved "normal" or "typical" production. It should be needless to point out that it would be a rare year in which every crop behaved "typically". The use of the concept of a Base Year makes possible the only realistic measurement of overall gains in production.

2) Typical current Farm Prices, including cotton at 5d per pound.

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PROPOSED NORTHERN REGION CAPITAL EXPENDITURE PROGRAMME 1962-68
COMPARED WITH RECENT EXPENDITURE PERIODS (1)

TABLE 7.2

Revised to: 15th January 1962

(a)	<u>1955-61</u> <u>AN. AV.</u> <u>£000</u> (b)	<u>% of 55-61</u> <u>Total</u> (c)	<u>1962-68</u> <u>AN. AV.</u> <u>£000</u> (d)	<u>% of 62-68</u> <u>Total</u> (e)	<u>Six Years</u> <u>1962-68</u> <u>£</u> (h)
<u>Primary Production:</u>					
Agriculture proper plus Fisheries less Irrigation	254	4.4	536	3.3	3,218,970
Irrigation	66	1.1	335	2.1	2,010,682
Agricultural Projects:- Development Corporation			2210	13.5	13,259,330
Animal Resources	67	1.1	589	3.6	3,532,638
Forestry Resources	7	0.1	79	0.5	470,271
<u>Trade & Industry</u>					
Basic Ministerial Expenses	6	0.1	22	0.1	129,015
Participation with Industry; Industrial Areas (including N.R.D.C.)	624	10.7	1623	9.9	9,735,000
<u>Electricity</u>					
Subvention - to N.E.C.	123	2.1	250	1.5	1,500,000
<u>Transport</u>					
Roads - Basic	1,655	28.4	2277	14.0	13,660,340
Bornu Feeder			1833	11.2	11,000,000
<u>Water</u>					
Rural Water Supplies	472	8.1	376	2.3	2,257,000
Urban Water Supplies	313	5.4	864	5.3	5,185,000
<u>Education</u>					
(Ex. minor training e.g. Forestry Schools)	911	15.6	3158	19.4	18,948,725
	258	4.4	553	3.4	3,316,511
<u>Health</u>					
<u>Co-operatives</u>					
Co-op Bank			333	2.0	2,000,000
Social Welfare & Co-operatives Ministry	72	1.2	73	0.4	439,200

.../2

(a)	(b)	(c)	(d)	(e)	(f)
<u>Town Planning</u>					
Greater Kano Plan			500	3.1	3,000,000
Residential Quarters			333	2.0	2,000,000
Housing Estates	55	0.9	167	1.0	1,000,000
Stadia	5	0.1			
<u>Information</u>	69	1.2	15	0.1	88,450
<u>Administration & Judicial</u>					
Establishments & Training Ministry			10)		61,000
Administration & Judicial	619	10.6	135)		812,542
Land & Survey	2		4)	1.0	22,662
Internal Affairs	27	0.5	16)		97,234
<u>Works Ministry</u>	227	3.9			
	<u>5,833</u>		<u>16,291</u>		<u>97,746,570</u>
Assigned to:- Ministerial			9,042	56	54,252,240
Development Corporation (2)			5,416	33	32,494,330
Bornu Railway Extension Feeders (3)			1,833	11	11,000,000
Native Authority:- Cap. Est. Not included above (4)			1,667		(10,000,000)

Notes:- (1) Activity within the programmes of the past years proceeded at a greatly accelerating rate, and simple comparisons with earlier years would not give meaningful results. A better average for comparison would be the most recent two years (1960-62) but since 1961-62 figures are not now available, comparison was made with the two years 1959-61, the most recent available. To make comparisons somewhat easier, the 1962-68 average is tabulated, as well as the totals for each of the sectors.

(2) Development Corporation is to undertake all projects essentially of a commercial nature, potentially open to private enterprise, or embodying loan programmes.

NOTES:- (Continued)

- (3) This sum is not included in the £27.0 million of expected Foreign Aid (see Table 7.3). Though this project represents proposed capital expenditure in the Northern Region, it has characteristics which merit consideration as a distinct category:- (a) it lies outside normal Northern Region budget since it is an integral part of the Federal Bornu Railway Extension programme, for without the feeder roads, the railway will never approach its traffic potentials;
- (b) it is considered that as this is a project which the Region will not have undertaken at present but for the need to make the Railway Extension profitable at an early date, the various parties with an interest in the Railway would agree to special financing for the feeder roads programme.
- (4) Native Authority programme has not been considered as part of the General Budget in past. The intention is hereafter to incorporate N.A. budget into General Budget, but this changeover cannot be completed this year. N.A.'s are spending roughly £10 million annually of which perhaps £1.5 million are capital.
- (5) Provision for 1961-62, including revote total is £12,468,063. Current expectations are that total expenditure for the period will amount to about £10,500,000.

TABLE 7.3

NORTHERN REGION ESTIMATED REVENUE AND EXPENDITURE SUMMARIES 1962-68£ million

1.	Resources		
	(a) Existing Sources	140.5	
	(b) New Sources	55.6	
		<u>196.1</u>	196.1
2.	Recurrent Expenditure	195.0	
	<u>Less</u> underspending	9.8	
		<u>185.2</u>	185.2
3.	Available for Capital Programme		10.9
4.	Planned Capital Expenditure	97.7	
	<u>Less</u> Underspending	9.8	
		<u>87.9</u>	87.9
5.	Cap. (4-3)		77.0
6.	Assumed Foreign Aid ⁶		<u>44.0</u>
7.	Uncovered Cap (5-6)		33.0
8.	<u>Less</u> Education Grant from Federal Government		<u>4.4</u>
			<u>28.6</u>

Note:- ⁶ $\frac{1}{2}$ Planned Capital Expenditure less underspending

EASTERN REGIONAL GOVERNMENT
DEVELOPMENT PROGRAMME 1962-68.

I. Background:

Eastern Nigeria covers an area of about 30,000 sq. miles and has a population estimated at 8 million, of whom more than 75 per cent are directly dependent on agriculture.

2. While the Region is self-sufficient in starch foods, primarily yams and cassava, and exports very substantial quantities of palm produce, present per capita production is such that the rising aspirations of the people can only be met through a major improvement in rural productivity.

3. There is a drift of young people from the villages to the towns where, even if they had the necessary education and skills, there is not, as yet, sufficient industry to give them employment. In fact, however, the bulk of those migrating in search of urban employment are at the age and educational level of Standard VI leavers which does not qualify them for jobs without considerable further training.

4. Over the period of the present Programme, it is estimated that there will be between 12,000 and 15,000 secondary school leavers and some 2,000 graduates from Technical Institutes and Training Centres for whom jobs in manufacturing and service industries must be found.

5. In addition, there will be approximately 800,000 primary school leavers for whom employment must be found, either by re-orientating them towards their home environment and helping them to find in agriculture in their home villages a satisfactory way of life and rising standard of living or by creating the new industries where, subject to their being trained for skilled jobs, they can find employment.

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Objectives and Policies.

6. The objectives of the Regional Programme have been formulated against the background of these problems. Priority has been assigned to investment in the productive sectors - agriculture, industry, and technical and vocational education. Emphasis has been placed on those overhead facilities - roads, water supply and basic health services - which directly assist the fulfilment of the production targets which have been set.

7. A planned approach along these lines represents a sharp departure from the past, when Government placed the major emphasis on what can broadly be termed social services - subsidised education for basic literacy, curative medicine, and roads.

8. This change has given rise to significant implications in the fields of both financing and staffing. The social overhead services which are now firmly established constitute a heavy recurrent burden on the budget. As a result, stringent measures have become necessary to support the additional recurrent expenditure arising from the implementation of the Plan and to make a substantial contribution towards the Capital Development Fund. Great efforts are also required now to provide the technical and administrative personnel necessary for the administration and management of, expanding the Government's activities. The present Programme takes these needs fully into consideration.

9. The objectives, however, go beyond mere economic targets measurable in terms of physical units of output. It is the aim of the Government to spread the benefits of the Programme as evenly as possible among the people of Eastern Nigeria.

10. With this objective in view, the Government's policy can be broadly stated as aiming ultimately at the establishment of
/efficiently

efficiently organised small-holder farm units in agriculture and at widespread participation in industry by Nigerian shareholders. Wherever, in agriculture or industry, it is necessary in the interest of speed or economy to begin with large scale or largely Government-controlled operations, it is Government's intention to divest itself of its holdings at the earliest possible date by sub-dividing its own plantations into family-sized holdings and selling its shares in industries to private Nigerian investors.

The Regional Programme and Financial Resources.

11. The details of the Programme are given in the Appendix which sets out the required capital investment and new recurrent obligations, the targets to be achieved and, for specific agricultural projects, the anticipated economic returns.
12. Flexibility, however, is an essential feature of the Programme which will be subjected to constant evaluation and review in order to make adjustments that experience or changed conditions over the period make desirable or necessary, both within and between sectors.
13. The distribution of Plan outlays is as follows:-

Table 1.

EXPENDITURE BY SECTOR.

	Capital Outlay 1962-68		Total Development Expenditure 1962-68 (1) (Excluding New Debt Service)	
	£'000	Per cent of Total	£'000	Per cent
Primary Production	30,300	40.7	36,800	34.1
Trade and Industry	12,950	17.4	13,500	12.5
Electricity	400	0.5	400	0.4
Transport	8,850	11.9	10,100	9.4
Water (Urban and Rural)	7,300	9.8	8,200	7.6
Education	8,800	11.8	29,900	27.8
Health	1,700	2.3	3,050	2.8
Town and Country Planning	2,350	3.2	2,650	2.5
Social Welfare	450	0.6	1,150	1.1
Information	450	0.6	650	0.6
Judicial	250	0.3	450	0.4
Gen. Government	600	0.8	750	0.7
Financial Obligations	100	0.1	100	0.1
TOTAL	74,500	100.0	107,700	100.0

(1) Debt Service has been estimated at £4.5 million.

14. The Table shows that over 50 per cent of the capital outlay and nearly 50 per cent of the total development expenditure during the Plan period is devoted to directly productive activities. The high percentage of expenditure on education reflects the cost of implementing the recommendations in the Ashby Report. (1)

(1) 'Investment in Education.'

/15.

15. Table 2 shows the additional financial resources which the Regional Government can contribute towards the implementation of the Development Plan over and above the current level of resources and expenditures. These are shown in the Table under two categories: contributions to the Consolidated Revenue Fund and contributions to the Capital Development Fund. Measures which have already been adopted or are now being seriously considered will enable the Regional Government to realise a cumulative surplus in the normal recurrent budget of no less than £5.4 million and to contribute £23.2 million to the recurrent budget of the Programme. Similarly it is estimated that £22.9 million will be available from various internal sources for the implementation of the capital budget.

Table 2.

EASTERN NIGERIA DEVELOPMENT PLAN 1962-68

RESOURCES

	<u>£'000</u>		<u>Total</u>
	<u>1962/63</u>	<u>1963/68</u>	<u>1962/68</u>
I. <u>Contributions to Consolidated Revenue Fund</u>			
Ordinary Budget Surplus	1,500	3,900	5,400
Vehicle licences and fuel taxes	100	2,400	2,500
Regional share of anticipated additional Federal revenue to be raised over the period	1,800	9,400	11,200
Other	100	9,400	9,500
	<u>3,500</u>	<u>25,100</u>	<u>28,600</u>
II. <u>Contributions to Capital Development Fund</u>			
Marketing Board Reserves	2,000	-	2,000
Marketing Board Earnings	1,300	9,000	10,500
Eastern Nigeria Development Corporation earnings	200	1,800	2,000
Capital Development	3,000	-	3,000
Other	1,600	3,800	5,400
	<u>8,300</u>	<u>14,600</u>	<u>22,900</u>
Total	8,300	14,600	22,900
GRAND TOTAL	<u>11,800</u>	<u>39,700</u>	<u>51,500</u>

16. The Ashby Report⁽¹⁾ made several recommendations, the implementation of which will be clearly beyond the available internal resources. Some of these recommendations which are considered to be directly related to the priorities which the Government has adopted have been provided for specifically in the Plan. The rest which have been shown as a one-line entry in the Plan represent a capital investment of £4.7 million and a cumulative recurrent burden of £18.2 million. It is proposed to implement these recommendations if external finance for this purpose becomes available. Consequently, the resources available to the Government of Eastern Nigeria represent nearly 61 per cent of the total development expenditure if the general recommendations of the Ashby Report are excluded and 48% if they are included.

Executive Capacity.

17. The feasibility of a Development Plan is not determined solely by financial resources. The range of objectives must also be measured in terms of the availability of qualified staff and necessary facilities and materials to implement projects. This is especially important in agriculture where expenditures are being increased from less than 5 per cent to more than 30 per cent of total Government expenditure.

18. The Programme takes these limitations fully into consideration in formulating targets, and proposes substantial efforts to overcome them. By these means it is intended to create in this six-year period the broader executive capacity which will be required to sustain the larger anticipated development programmes of subsequent National Plans.

Details of the Programme.

19. The following constitutes merely a brief record of those projects which illustrate the overall priority objectives of the Programme.

(1) 'Investment in Education'

(a) Primary Production.(i) Targets:

20. In agriculture, the main emphasis is on the rapid expansion of tree crops. It is confidently anticipated that this policy will lead to increasing cash farm incomes. Government revenues from purchase taxes and export duties, and Marketing Board profits.

21. The overall targets of the Programme in this activity are the establishment of:-

Oil Palm		100,000 acres
Rubber		150,000 "
Cocoa		75,000 "

Added to these targets will be a certain acreage of citrus trees which will be developed as part of the Farm Settlement Scheme. Figures of projected citrus acreages have not yet been finally determined.

22. Conservative targets have been set for the expansion of cocoa production in view of the world market outlook for this crop. For oil palm and rubber, the targets have been set on the basis of the availability of high grade planting material. The area planned to be brought under palm represents the maximum for which tested seedlings of the best variety will become available from the West African Institute for Oil Palm Research and other recognised seed nurseries on existing plantations. A start will be made in rubber planting with budded stock. It is hoped to supplement this method, which makes great demands on skilled manpower, with planting from seed in the later years of the Plan, when clonal seeds are expected to become available from seed gardens now being developed in the Region and by the purchase of seed from outside the Region.

23. Provision has been made for extensive surveys of land potentially suitable for rice. These surveys will provide the
/basis

basis for the assignment of targets for increased rice production in the later years of the Plan. It is tentatively proposed to extend the area under rice by 50,000 acres during the period. Assuming that the survey indicates that the project is feasible, a total of £2.5 million will be devoted to the project over the period.

(ii) Organisation:

24. The investment in tree crops will be made through the Eastern Nigeria Development Corporation and the Ministry of Agriculture directly by means of co-operative plantations (Farm Settlements), large scale and partially subsidised planting schemes for small-holders and, in conjunction with interested investors from outside the Region, nucleus plantations.

25. The Farm Settlement scheme aims at the development of "Moshav-type" villages for new, well-trained agricultural settlers on land acquired by the Government in selected areas throughout the Region. Over the Plan years it is intended to establish twelve such settlements at a total cost tentatively calculated at £6 million. Each settlement will accommodate some 720 farmers on about 12,000 acres of land. Negotiations for six sites are already in progress. Final details of the scheme are now being worked out to determine the anticipated economic returns and to ensure the complete co-ordination of the settlement schemes with those projects which aim at the establishment of new and profitable small-holder farms.

26. The Ministry planting schemes are aimed at promoting the expansion of tree crops on peasant holdings. It is intended to achieve the target acreages by means of incentive payments partly in kind, by the provision of seed stock, fertilisers, pesticides and tools, and partly in cash to compensate farmers in cases where the establishment of the new crops or the required changes in farming methods temporarily disrupt the existing
/pattern

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pattern of cultivation.

27. A case in point is the palm-grove rehabilitation scheme, where old and improperly spaced trees must be cut down to permit the orderly planting of the new and more productive varieties which will be made available. Table 5 shows the results expected for the palm grove rehabilitation scheme for which £1,920,000 has been provided to rehabilitate some 60,000 acres of wild trees. After an initial loss of income following the cutting down of old trees, the rehabilitated area at maturity will yield almost four times the amount of palm oil and almost twice the amount of palm kernels than before. The annual net income to farmers will be more than trebled. The initial loss to farmers of approximately £1,000,000 incurred in the first five years of the rehabilitation programme will be more than offset by incentives and compensation payments totalling £18 per acre in cash and kind over the period. Government revenues from purchase tax and export duties alone over the fifteen year period are estimated to increase by £2,800,000 at 1960 prices.

28. The various planting schemes aim also at a degree of voluntary consolidation of holdings by restricting incentive and compensation payments, in cash or kind, to specified minimum acreages. By this means it is expected that a measure of land consolidation will be brought about, at least among family groups in the villages.

29. The concept of "nucleus" plantations involves two main principles. First, the Government is keenly aware of the demonstration effect on surrounding small farmers of a progressively run plantation and of the advantages to smallholders of centralised and efficient processing units for plantation crops. Secondly, while the Regional Government would welcome some outside capital in the development of agriculture, it cannot readily alienate large tracts of land to foreign ownership on long leases. The idea of a "nucleus" plantation was, therefore, developed to provide the establishment of viable

/plantation

plantation units to be owned jointly by outside investors and the Regional Government, each holding up to 49 per cent of the shares, the balance of the shares together with the initial management, being provided by a mutually agreed upon third party. It is expected that the Industrial and Agricultural Company, Ltd., which is jointly owned by the Colonial Development Corporation and the Government of Eastern Nigeria would, in many cases, serve as the balancing shareholder.

30. The results expected from all export crop expansion schemes are shown in terms of physical output in Tables 3, 6 and 8, while details of the development from year to year are shown in Tables 4, 7 and 9. The rate of development and anticipated yields have been conservatively estimated on the basis of current experience of plantations operated by the Eastern Nigeria Development Corporation. The tables have been carried through to full maturity of the schemes, that is to 1973 for cocoa, 1976 for rubber and 1977 for oil palm. By that time, and on the basis of 1960 prices, the schemes will contribute an additional £17 million to £18 million annually to the income of Eastern Nigeria.

31. A four-fold approach is contemplated to extend the area under rice. First, an effort will be made through the ordinary channels of the Ministry of Agriculture to encourage farmers now cultivating rice in the Abakaliki area to extend their acreage. A proposed new rice mill, by increasing returns on the crop to farmers, is expected to provide a significant impact in this direction. Second, rice is a major crop considered for one or more of the planned Farm Settlements. Third, the plan foresees the development of a very major scheme in the Cross River area, where land is at present largely uncultivated, and where very large acreages are known to be suitable for rice cultivation, subject to proper drainage and irrigation and the development of access roads. Provision has been made in the Programme for a study in depth of local conditions in preparation for a large mechanised rice planting scheme in the final years of the Plan

/period.

period. Fourth, there are indications that large tracts of swamp land in the Yenagoa and Brass Divisions are suitable for rice cultivation. It is the intention of Government to work closely with the Niger Delta Development Board in this area. A total of £267,000 has been set aside to permit implementation of schemes which may be recommended by the Board, as the basis of a major survey now being undertaken in this area. The Government has also indicated its willingness to welcome outside investors for these projects on terms similar to those laid down for participation in industry.

(iii) Poultry and Livestock.

32. In the animal section of the agricultural programme, the primary emphasis has been placed on the development of poultry. By this means it is intended to increase the protein content of the local people's diet, to provide extra income, and to make the Region self-sufficient in eggs and poultry meat. For this purpose the Regional poultry centre is to be greatly expanded at a capital cost of £66,000 and breeder units will be established in each Province to raise day-old chicks for distribution to farmers.

33. Similarly, the Regional Livestock Centre will be built up and, during the early years of the Plan, will concentrate attention primarily on the multiplication of stock of small animals, swine, goats, sheep and rabbits for distribution to farmers.

34. To support the greatly expanded animal and poultry husbandry programme, a feed mill will be constructed at Enugu. This mill will use locally or nationally available food stuffs to the greatest possible extent. To ensure that the mill is established quickly it will be started by the Ministry of Agriculture; however, it is intended to transfer it to private or co-operative enterprise at the earliest possible moment.

35. Finally to cope with the greatly intensified activities in animal and poultry husbandry, the Regional Government intends to expand the services of its Veterinary Department. This expansion programme will include training schemes for animal vaccinations and inspectors.

(iv) Fisheries and Forestry.

36. For the Fisheries Division an additional total provision of £207,000 has been set aside to permit the expansion of the Division's present activities. An effort will be made to increase local fish-farming by the building of village ponds, which will be carried out both by damming small streams and by excavations. It is also planned to strengthen sea-fishing operations by the purchase of additional craft for inshore trawling and by the construction of suitable terminal facilities. For small operators, the programme looks to an expansion of co-operative facilities to assist fishermen in the purchase of equipment and disposal of the catch.

37. The total area of Forest Reserves in the Region is comparatively small. With the exception of the establishment of a new firewood plantation covering 10 square miles, the Programme proposes only the continued intensive exploitation and regeneration of existing Reserves. The Government Forestry Division may also participate in schemes arising from the research now being carried out by the Niger Delta Development Board on the utilization of mangrove in the swampy areas of the south-western part of the Region.

(v) Staffing.

38. The Eastern Nigeria Development Corporation possesses adequate facilities to develop its own supervisory and management staff on its presently operated plantations.

39. The schemes carried on directly by the Ministry of
/Agriculture

Agriculture, as well as the Ministry's programme in poultry, livestock and fisheries require the rapid expansion of the agricultural extension services. An important aspect of the Development Plan, therefore, is the provision of a concentrated training programme for the lower level of the Service and an intensive recruiting drive for senior technical staff. The overall aim is to increase the number of extension workers by more than six times what it is at present and so that there will be one extension worker to every 750 farmers.

(vi) Community Development.

40. Provision is included in the Programme for the training of multi-purpose community development workers. It is intended that one worker will be assigned to each of two or three Local District Councils to assist in formulating community goals, especially those goals which will contribute to the productive objectives of the Programme and which can be attained by individual or family effort. As an example, it is proposed to use the Community Development programme to encourage participation in the planned palm grove rehabilitation and poultry schemes and thus to create a link between the individual and the total National effort in the implementation of the Plan.

(vii) Ancillary Services.

41. Processing facilities: Closely related to the programmes for extending palm acreage is a scheme to introduce new hydraulic hand presses for palm oil to replace the existing screw-type hand presses. 1,000 such presses will be available in the first two years of the plan period. These presses will be distributed through normal commercial channels, but under the supervision of specially trained extension service teams, and at controlled prices. It is estimated that by the time the scheme is in full operation, an additional 30,000 - 35,000 tons of oil will be produced annually from the presently available fruit.

42. Credit facilities. Most of the activities of the Ministry of Agriculture which have been described will require some means by which credit can be made available. In addition work directly aimed by the extension service at the improvement of ordinary food crops, must be backed with credit facilities. Complementary to the co-operative programme of the Regional Ministry of Commerce, the Programme provides, therefore, for the establishment of a £1,000,000 fund to implement a scheme of supervised agricultural credit. It is planned to start this scheme, which will be administered by the Regional Ministry of Agriculture, on a small scale and to expand in the later years of the Plan period as both staff and farmers gain experience in the management of credit funds.

(b) Industries.

43. At the present time the industrial effort is shared by the Regional Ministry of Commerce and the Eastern Nigeria Development Corporation. It is the official policy of the Regional Government to welcome participation by outside investors and to attract industries to the Region by providing the requisite basic services, by way of well equipped industrial and staff housing estates. While, in most industries, investors from abroad may be permitted to establish themselves independently, the Regional Government welcomes an opportunity to participate in new enterprises as a token of its own confidence in the industrial future of Eastern Nigeria and insists upon the employment and training of local staff for positions at all levels of skill and responsibility. Investment programmes which contemplate making shares available to private Nigerian investors and private venture capital becomes available, are likely to receive particularly favourable consideration.

44. Industries to be established in the Plan period and for which firm commitments have already been made include a glass factory, a brewery, two textile mills, an oil refinery, a steel /and

and an aluminium rolling mill, and factories for the manufacture of asbestos cement, tyres, sanitary ware, galvanised sheets and stationery. A number of other projects are in various stages of negotiation and are expected to materialise during the Plan period. These include a milk reconstituting plant, fibre bag mill, automobile assembly and a plant for the manufacture of prefabricated housing. In addition, it is the Regional Government's intention to participate in the establishment of an iron and steel industry, which is regarded as a National project by all the Governments of the Federation. It is anticipated that this industry will make use of raw materials located in the Region.

45. It is planned to encourage industrial investment throughout the Region to the greatest extent possible. Industrial sites are being made available at Enugu, Aba, Owerri, Umuahia and Onitsha. These sites are additional to that at Port Harcourt, whose location as a port and railhead near the oilfields will continue to make it one of the greatest centres of industrial activity in the Country.

46. To support this major expansion of industrial activity, the Programme places great emphasis on the development of additional Industrial Institutes and Training Centres which will provide a growing stream of young people with basic mechanical and technical skills.

47. With foreign technical assistance it is planned to develop the technical and business skills of the small artisan-entrepreneurs. Initially the training will be confined to leatherwork, carpentry, pottery and fibrework. This programme which will be centred on Owerri, will be built around the services of product designers and cost accountants, supported by craft specialists and mobile demonstration units. In order to assist in the expansion of small industries, a fund has been provided which will be used mainly for production credit in kind by way of tools, equipment and raw materials.

(c) Electricity.

48. A total provision of £400,000 has been made for interest-free loans to the Electricity Corporation of Nigeria for the construction of amenity undertakings in selected communities. It is planned to expand this programme, as funds permit.

(d) Roads and Bridges.

49. The Region is already served by an adequate network of roads. A capital provision of only £8,800,000 has therefore been included in the Programme for this purpose. This will be used for the construction of a total of about 650 miles of new feeder roads necessary to open up the new agricultural and industrial areas and for widening and strengthening existing roads where required by increased traffic.

(e) Water Supply.

50. The Government's Programme forms the first stage of a long-term plan. It is intended that, by the end of the present Plan period, approximately two-thirds of the estimated urban supply requirements of 1975 will have been provided. A capital expenditure of £3,400,000 is to be devoted to this project.

51. For rural water supplies the problem is much greater. It has been estimated that the total minimum needs of the Region require a capital programme of £15,500,000 to which must be added the cost of distribution. In the present Programme a total of £3,900,000 has been set aside towards providing a modest start to meet these requirements. It is intended to begin with water points for the supply of clean water where guinea worm infestation is a major health problem and also to those areas where the existing supply is especially far away.

(f) Education.

52. Over 80 per cent of the planned expenditure on education /goes

goes towards the implementation of the Ashby Report. The main emphasis of the balance of the programme is directed towards Teacher Training, the development of Technical Schools and the provision of scholarships, especially in the fields of science and engineering. In these fields, it is expected that the University of Nigeria, which by 1967/68 will have facilities for 2100 students, will also make a significant contribution. A total provision of £3,100,000 has been included in the Programme to expand the facilities at the University.

53. The Regional Government has placed the main emphasis in its Programme on the development of directly productive activities. The implementation of the sections of the Ashby Report which do not contribute directly to these activities will therefore be considered a priority objective only if adequate external assistance becomes available beyond the anticipated general financial aid which will be required to implement the present Programme.

(g) Health.

54. Apart from rural water supply, the Health programme contemplates some extension of hospital facilities. The programme is designed to place the main emphasis on preventive activities carried on through various urban, rural and school health schemes.

(h) Town and Country Planning.

55. In the field of town and country planning, provision has been made for the construction of a new legislature which is urgently necessary in view of the increased membership of the House of Assembly. It is planned to develop a number of residential estates to serve the new industrial areas. A token amount has been provided for mortgage finance and it is hoped to expand this scheme.

(1) Other Services.

56. All other activities in the fields of social service, information, judicial and administration, have been allocated less than 2 per cent of the total Plan expenditure, thus reflecting the Government's earnest intent to make a maximum effort, by discipline and austerity, to mobilise its own resources to match external aid for productive investment.

Table 3

EASTERN NIGERIA DEVELOPMENT PROGRAMME 1962-68PLANTATION CROPS: PALMANNUAL YIELDS OF FRUIT, OIL AND KERNELS TO FULL PRODUCTION

	<u>PALM FRUIT</u>		<u>PALM PRODUCT</u>	
	<u>ENDC</u> (thousand tons of bunches)	<u>OTHER</u> (i)	<u>OIL</u> (ii) (thousand tons)	<u>KERNELS</u> (iii)
1962	-	-	-0.2	-0.1
1963	-	-	-0.8	-0.4
1964	-	-	-1.6	-0.9
1965	2.1	1.4	-1.8	-1.3
1966	9.1	6.3	-0.8	-1.5
1967	23.5	19.4	+6.1	+0.4
1968	47.0	48.1	14.4	4.2
1969	80.6	93.1	29.5	8.7
1970	113.0	142.0	43.4	12.8
1971	143.9	186.0	56.1	16.5
1972	160.1	210.4	63.0	18.5
1973	171.9	226.0	67.6	19.9
1974	178.6	233.5	70.0	20.6
1975	183.0	240.5	72.0	21.2
1976	189.0	250.5	74.7	22.0
1977	193.5	256.5	76.5	22.5

(i)

Yield per acre
in tons

1st year	-
2nd year	-
3rd year	-
4th year	.7
5th year	1.4
6th year	2.7
7th year	3.3
8th year	3.8
9th year	4.0
10th year	4.0
11th year	4.2
12th year	4.5

(ii) 17% oil to bunch (speical grade), net including palm grove rehabilitation.

(iii) 5% kernel to bunch, net including palm grove rehabilitation.

Table 4

EASTERN NIGERIA DEVELOPMENT PROGRAMME 1962-1968

PLANTATION CROPS: PALM*

Yields in Thousand Tons of Bunches

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
A. ENDC ⁽¹⁾	2.1	4.2 4.9	8.1 9.8 5.6	9.9 18.9 11.2 7.0	11.4 23.1 21.6 14.0 10.5	12.0 26.6 26.4 27.0 21.0	12.0 28.0 30.4 33.0 40.5	12.6 28.0 32.0 38.0 49.5	13.5 29.4 32.0 40.0 57.0	13.5 31.5 33.6 40.0 60.0	13.5 31.5 36.0 42.0 60.0	13.5 31.5 36.0 45.0 63.0	13.5 31.5 36.0 45.0 67.5
<u>TOTAL</u>	2.1	9.1	23.5	47.0	80.6	113.0	143.9	160.1	171.9	178.6	183.0	189.0	193.5
B. OTHER ⁽²⁾	1.4	2.8 3.5	5.4 7.0 7.0	6.6 13.5 14.0 14.0	7.5 16.5 27.0 28.0 14.0	8.0 19.0 33.0 54.0 28.0	8.0 20.0 38.0 66.0 54.0	8.4 20.0 40.0 76.0 66.0	9.0 21.0 40.0 80.0 76.0	9.0 22.5 42.0 80.0 80.0	9.0 22.5 45.0 84.0 80.0	9.0 22.5 45.0 90.0 84.0	9.0 22.5 45.0 90.0 90.0
<u>TOTAL</u>	1.4	6.3	19.4	48.1	93.1	142.0	186.0	210.4	226.0	233.5	240.5	250.5	256.5

* Plantation Schedule (Thousand Acres)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>TOTAL</u>
ENDC ⁽¹⁾	3.0	7.0	8.0	10.0	15.0	43.0
Other ⁽²⁾	2.0	5.0	10.0	20.0	20.0	57.0
<u>TOTAL</u>	5.0	12.0	18.0	30.0	35.0	100.0

(1) Item (7) of summary of development expenditure

(2) Item (2) and (4) of summary of development expenditure, as revised on the basis of availability of seedlings.

Table 5

EASTERN NIGERIA DEVELOPMENT PROGRAMME 1962-68

PALM GROVE REHABILITATION*
(Financial Returns)

YEAR	NET LOSS OR GAIN TO FARMERS OF OIL AND KERNELS		GAIN OR LOSS TO GOV.** FROM PURCHASE TAX AND EXPORT DUTY	
	OIL	KERNELS (thousand tons)	TOTAL VALUE £'000	£'000
1962	- - 0.2	-- 0.1	- 16.6	- 3.6
1963	- - 0.8	-- 0.4	- 53.3	- 12.1
1964	- - 1.6	- 0.9	- 110.7	- 24.0
1965	- 2.4	- 1.5	- 318.2	- 35.9
1966	- 3.4	- 2.3	- 271.1	- 55.3
1967	- 1.2	- 1.7	- 146.1	- 26.6 -157.5
1968	+ 3.2	- 0.6	- 97.8***	+ 29.4
1969	+ 10.4	+ 1.4	+ 501.2	+ 123.5
1970	+ 17.0	+ 3.1	+ 961.4	+ 208.6
1971	+ 26.1	+ 3.7	+ 1,515.2	+ 329.2
1972	+ 31.0	+ 7.2	+ 1,815.4	+ 394.8
1973	+ 34.1	+ 8.1	+ 2,000.0	+ 437.8
1974	+ 35.6	+ 8.5	+ 2,098.5	+ 454.8
1975	+ 36.7	+ 8.8	+ 2,160.0	+ 469.6
1976	+ 36.7	+ 8.8	+ 2,160.0	+ 469.6 +2917.3
<u>TOTAL</u>	<u>+ 221.0</u>	<u>+ 44.0</u>	<u>+ 12,393.7</u>	<u>+ 2,759.8</u>

* Rehabilitation Schedule:	1962	1963	1964	1965	1966
Thousand acres:	3.0	7.0	10.0	15.0	25.0

** Excluding Marketing Board Profits.

*** Total initial loss to farmers £1,013,799, as against total compensation of £1,080,000.

Table 6

EASTERN NIGERIA DEVELOPMENT PROGRAMME 1962-68

PLANATATION CROPS: RUBBER

ANNUAL YIELDS TO FULL PRODUCTION

	<u>ENDC</u>	<u>PLANTING SCHEME</u> (Thousand pounds)*	<u>FARM SETTLEMENT</u>	<u>TOTAL</u> (Tons)
1962	-	-	-	-
1963	-	-	-	-
1964	-	-	-	-
1965	-	-	-	-
1966	-	-	-	-
1967	-	-	-	-
1968	1,200	1,200	400	1,270
1969	3,350	4,150	1,250	3,980
1970	7,650	10,950	2,700	9,680
1971	12,900	25,200	5,300	19,730
1972	19,800	48,750	9,350	35,410
1973	24,200	59,500	11,400	43,230
1974	29,150	74,500	13,950	53,450
1975	32,750	88,750	16,250	62,610
1976	35,000	100,000	18,000	69,550

* Yields/acre in pounds

1st to 6th year : no yield
 7th year : 400 lbs/acre
 8th year : 450 "
 9th year : 600 "
 10th year : 750 "
 11th year : 1,000 "

Table 7

EASTERN NIGERIA DEVELOPMENT PROGRAMME 1962-1968

PLANTATION CROPS: RUBBER*

Yields in 1,000 pounds

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
A. ENDC ⁽¹⁾	1,200	1,350 2,000	1,800 2,250 3,600	2,250 3,000 4,050 3,600	3,000 3,750 5,400 4,050 3,600	3,000 5,000 6,750 5,400 4,050	3,000 5,000 9,000 6,750 5,400	3,000 5,000 9,000 9,000 6,750	3,000 5,000 9,000 9,000 9,000	
<u>TOTAL</u>	1,200	3,350	7,650	12,900	19,800	24,200	29,150	32,750	35,000	
B. PLANTING SCHEME ⁽²⁾	1,200	1,350 2,000	1,800 3,150 6,000	2,200 4,200 6,750 12,000	3,000 5,250 9,000 13,500 18,000	3,000 7,000 11,250 18,000 20,250	3,000 7,000 15,000 22,500 27,000	3,000 7,000 15,000 30,000 33,750	3,000 7,000 15,000 30,000 45,000	
<u>TOTAL</u>	1,200	4,150	10,950	25,200	48,750	59,500	74,500	88,750	100,000	
C. FARM SETTLEMENTS ⁽³⁾	400	450 800	600 900 1,200	750 1,200 1,350 2,000	1,000 1,500 1,800 2,250 2,800	1,000 2,000 2,250 3,000 3,150	1,000 2,000 3,000 3,750 4,200	1,000 2,000 3,000 5,000 5,250	1,000 2,000 3,000 5,000 7,000	
<u>TOTAL</u>	400	1,250	2,700	5,300	9,350	11,400	13,950	16,250	18,000	

* Planting Schedule (Thousand Acres)

	1962	1963	1964	1965	1966	Total	
A. ENDC ⁽¹⁾	3.0	5.0	9.0	9.0	9.0	35.0	(1) Item (8) of summary of development expenditure
B. PLANTING SCHEME ⁽²⁾	3.0	7.0	15.0	30.0	45.0	100.0	(2) Item (1) of summary of development expenditure
C. FARM SETTLEMENTS ⁽³⁾	1.0	2.0	5.0	5.0	7.0	18.0	(3) Item (4) of summary of development expenditure
<u>TOTAL</u>	7.0	14.0	27.0	44.0	61.0	153.0	

Table 8

EASTERN NIGERIA DEVELOPMENT PROGRAMME 1962-68

PLANTATION CROPS: COCOA

ANNUAL YIELDS TO FULL PRODUCTION*

	<u>ENDC</u>	<u>PLANTING SCHEME</u> (Thousand pounds)	<u>FARM SETTLEMENT</u>	<u>TOTAL</u> (Tons)
1962	-	-	-	-
1963	-	-	-	-
1964	168	120	80	170
1965	740	580	400	780
1966	2,040	1,700	1,300	2,290
1967	4,440	3,600	3,280	5,140
1968	8,120	6,600	6,400	9,600
1969	12,960	10,600	11,000	15,790
1970	18,200	14,600	16,800	22,540
1971	22,600	18,000	22,200	28,540
1972	25,400	20,000	26,600	32,730
1973	26,200	20,000	29,000	34,170

* Yield/Acre in pounds

1st year	-
2nd year	-
3rd year	40
4th year	100
5th year	200
6th year	400
7th year	600
8th year	800
9th year	1,000

Table 9

EASTERN NIGERIA DEVELOPMENT PROGRAMME 1962-1968

PLANTATION CROPS: COCOA*

Yields in 1,000 pounds

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
A. ENDC ⁽¹⁾	168.0	420.0 320.0	840.0 800.0 400.0	1,680.0 1,600.0 1,000.0 160.0	2,520.0 3,200.0 2,000.0 400.0	3,360.0 4,800.0 4,000.0 800.0	4,200.0 6,400.0 6,000.0 1,600.0	4,200.0 8,000.0 8,000.0 2,400.0	4,200.0 8,000.0 10,000.0 3,200.0	4,200.0 8,000.0 10,000.0 4,000.0
<u>TOTAL</u>	168.0	740.0	2,040.0	4,440.0	8,120.0	12,960.0	18,200.0	22,600.0	25,400.0	26,200.0
B. FARM SETTLEMENTS ⁽²⁾	80	200 200	400 500 400	800 1,000 1,000 480	1,200 2,000 2,000 1,200	1,600 3,000 4,000 2,400	2,000 4,000 6,000 4,800	2,000 5,000 8,000 7,200	2,000 5,000 10,000 9,600	2,000 5,000 10,000 12,000
<u>TOTAL</u>	80	400	1,300	3,280	6,400	11,000	16,800	22,200	26,600	29,000
C. PLANTING SCHEME ⁽³⁾	120	300 280	600 700 400	1,200 1,400 1,000	1,800 2,800 2,000	2,400 4,200 4,000	3,000 5,600 6,000	3,000 7,000 8,000	3,000 7,000 10,000	
<u>TOTAL</u>	120	580	1,700	3,600	6,600	10,600	14,600	18,000	20,000	

* Planting Schedule (Thousand Acres)

	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>TOTAL</u>
A. ENDC ⁽¹⁾	4.2	8.0	10.0	4.0	-	26.2
B. FARM SETTLEMENTS ⁽²⁾	2.0	5.0	10.0	12.0	-	29.0
C. PLANTING SCHEME ⁽³⁾	3.0	7.0	10.0	-	-	20.0
<u>TOTAL</u>	9.2	20.0	30.0	16.0	-	75.2

- (1) Item (9) of summary of development
 (2) Item (4) of summary of development expenditure
 (3) Item (3) of summary of development expenditure

WESTERN REGIONAL GOVERNMENT
DEVELOPMENT PROGRAMME, 1962-68

In formulating the Development Programme for the Western Region, the Regional Government has profited from the experience gained from its earlier Development Plans. It is against the background of these Plans that the new Programme must be viewed.

2. The 1955-60 Regional Development Plan was designed to provide the social overhead capital without which economic growth would be impossible. In particular, the major emphasis of the Plan was placed upon the building up of the basic road system of the Region; universal free primary education was introduced throughout the Region in 1955; a major step forward was taken in the provision of health services, and water and electricity supplies featured prominently in the Plan. Over the whole period the total actual expenditure by the Government was £98.8 million.

3. In 1960, a second five-year Regional Development Plan was introduced. This sought to build upon the achievements of the earlier Plan but to shift the emphasis to investment in directly productive activities. Priority was therefore accorded to those projects which would promote a high rate of economic growth. Agricultural and industrial development were therefore given greater prominence than in the earlier Plan. Nevertheless, social services continued to attract a large proportion of the proposed expenditure. The total capital expenditure which had been proposed for the 1960-65 period was £68.3 million. The 1960-65 Regional Development Plan has now ceased to operate in view of the decision by all the Governments of

the Federation that an integrated National Plan covering the period 1962-68 be introduced.

4. In formulating the 1962-68 Western Regional Development Programme, the overall objective is to increase the productive capacity of the Region from which there will be a steady rise in per capita income and in the level of living. The provision of the basic network of roads has now reached an advanced stage. On the other hand, there is a growing need to provide employment for the young people who are benefitting from the free primary education system. Top priority in the Programme has therefore been placed on agriculture, industry and technical training. Furthermore, in the agricultural and industrial sector of the Plan, each project has been carefully scrutinised to ensure, firstly, that it fits into the National pattern of development and, secondly, that it will produce a high rate of economic return.
5. There are six main objectives which the Programme must achieve if a rate of not lower than that fixed for the Nation as a whole is to be realised. First and foremost there must be an increased rate of productivity in all sectors of the economy. Output must be raised by a level which will be sufficiently high to ensure not only that the present Plan achieves its objectives but that the Region will enter the second Plan period with a healthy economy.
6. The second main objective is to continue to increase agricultural production and, at the same time, to expand and modernise industry. Agriculture accounts for over 50% of the Region's share of the Gross National Product. The rising population and the need to increase the level of living calls for improvement in the quantity, quality and variety of food production. In addition, the downward trend in world prices

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for some of the Region's produce makes it imperative that the volume exported must increase. Complementary to this activity, industrial development is to be pursued vigorously. At the present time, the Region's economy is heavily dependent upon its agricultural production and is therefore highly susceptible to fluctuations in world market prices for its export crops. The third main objective of the Programme thus is to be realised by every effort to achieve a diversified economy, by increasing both the volume and varieties of export production and, at the same time, by encouraging the establishment of those industries which will produce import substitutes and provide a strong industrial base to the economy. Care must, however, be taken to encourage only those industries which will prove economically viable and which will also serve to promote an improvement in the nation's balance of payments position.

7. The fourth objective is the provision, for both economic and social reasons, of increasing employment opportunities. The existence of a high rate of unemployment is an indication of waste of a most important factor of production. The present under-employment in the urban areas is primarily attributable to the twin factors of lack of capital and limited technical knowledge. It is the Government's intention, therefore, to make available technical advice, training facilities and financial assistance to traders and artisans in the urban areas. Similarly, in the rural areas it is Government's aim to stimulate economic activities through community development techniques. The fifth objective of the Plan is therefore to continue to foster the community development spirit and to ensure that this is used for productive purposes.

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8. The final objective of the Plan is to strengthen the private sector of the economy. If the target for overall economic growth is to be achieved, the private sector must play an increasing role in the development process. The Regional Government, both on its own and in collaboration with the other Governments of the Federation, will continue to encourage private enterprise and individual initiative.

9. These objectives have consistently guided the formulation of the Government's programme and of the design and determination of the individual projects within the programme. The overall target has called for a careful examination of the resource allocation to ensure that no projects were included which might impair the projected rate of economic growth. The allocation of resources to the various sectors and to individual projects within these sectors has therefore been determined after taking into account the economic effect, either directly or indirectly, upon the overall objectives of the programme and of the inter-relationship of the various projects. Thus, whenever practicable, each project has been investigated to determine whether it will show a profit measure in economic terms. In cases where this has not been possible, careful scrutiny has been given to the consistency of projects both in relation to the Ministry's programme and to the Regional Programme as a whole. In every case, therefore, projects have been carefully selected to ensure their contribution to the overall objectives in the most economical manner and to ensure that the executive capacity to implement these will be available.

The Regional Programme and Financial Resources.

10. The total capital expenditure projected for the Regional Programme over the six year period amounts to £85.29 million. A sectoral breakdown of the projected capital outlay in comparison with the 1955/60 capital allocation is as follows:-⁽ⁱ⁾

Table 9.1.

Sectoral Analysis of Capital Outlays for the Development Plans 1955-60 and 1962-68.

	1955/60		1962/68	
	Actual Allocation £'000	Percent- age	Total Outlay £'000	Percent- age
1. Primary Production	4,519	14	18,439	21.6
2. Trade and Industry	1,889	6	19,940	23.3
3. Works, Transport & Power	9,756	30	17,703	20.8
4. Lands, Survey, Town & Country Planning	1,158	3	2,780	3.3
5. Social Services	7,690	23	21,786	25.6
6. General Administration	7,871	24	2,039	2.3
7. Service Authorities	-	-	1,000	1.2
8. Financial Obligation	-	-	1,600	1.9
Total Capital Programme	32,881	100	85,287	100.0

The table indicates clearly the shift in emphasis which has taken place. Primary production and trade and industry have been allocated 49% of the total capital outlay compared with the 1955/60 Plan, when they received only 20% of a much smaller capital provision. In particular, over the 1955/60 period, trade and industry was allocated only 6% of the total provision; in the current Programme it has been allocated 23%. On the other hand, the allocation to General Administration has fallen from 24% of total capital expenditure in the 1955/60

/Plan

(i) Full details of the allocation of capital expenditure are contained in the tables in Technical Appendix .

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Plan to only 2% in the present Plan. This drastic reduction has been largely possible due to the fact that the 1955/60 Plan devoted a substantial sum for the provision for offices and staff housing; only very modest expenditure is proposed for this purpose during the next few years. The bulk of the capital outlay in the 1962/68 Plan is allocated to primary production, industry and such services as roads and bridges, water supplies and electricity. Although under the new Programme education is to receive approximately the same percentage of the aggregate capital provision as in the 1955/60 Plan, there has been a notable change of emphasis in the education programme. A much greater proportion of the expenditure will now be devoted to technical and commercial education.

11. Total estimated recurrent expenditure over the six-year period is to be ^{149.8} £149.8 million, an average of about £26 million per year. This compares with the 1960/61 recurrent expenditure of £20.9 million. The projected increase in recurrent expenditure over the period is due to the concomitant expenditure engendered by the Programme (£33.6 million) and to the provision for new debt servicing (£7.2 million). The total projected expenditure (capital plus recurrent) by the Regional Government projected for the six years, 1962/68, will amount, therefore, to £245 million; this will be considerably more than twice the rate of total expenditure incurred between 1955 and 1960.

12. A summary of the estimated recurrent revenue for the period is as follows:-

Table 9.2.

	£ million	
(i) Estimated revenue from existing sources	130.2	
(ii) Additional revenue to be raised from the Regional sources	23.3 27.64	?
(iii) Regional share of anticipated additional Federal Revenue to be raised over the period	1.8 12.06 162.90	-5m.
Estimated surplus of Recurrent Revenue over Recurrent Expenditure	161.3 = 11.5	

The internal financial resources which are likely to be available for financing the capital programmes of the Plan are summarised as follows:-

Table 9.3.

	£ million	
(i) Recurrent Revenue Surplus (1962/68)	9.9 11.5	}
(ii) Revenue Equalisation Fund at 1/4/62	3.5 1	
(iii) Marketing Board (Reserves and Earnings)	27.0 10.0	
(iv) Loan Repayments	2.0	
(v) Profits from Government Lotteries	0.2	
Total	= 42.6	25.2

In view of the fact that the proposed total capital programme is £85 million, it follows that approximately half of the resources will be available from the Region. It must, however, be emphasised that, in estimating the resources which will become available to the Regional Government, a very cautious attitude has been taken in regard to the projected long-term export prices and volume of production.

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Details of the Programme

13. Details of individual Ministries' programmes are contained in Chapters III to V of Appendix No. These Chapters discuss the Regional Government's policies in each sector, the detailed targets to be achieved, and the major development projects that will contribute to the fulfilment of the overall objectives. The following therefore constitutes merely a brief record of these major development projects which illustrate the overall priority objectives of the Programme:-

(a) Primary Production

14. The Ministry of Agriculture and Natural Resources proposes to spend approximately £12 million on agricultural extension services. Of this sum, £7 million is to be devoted to a series of carefully planned farm settlement schemes. It has been confidently predicted that these projects will play a major role in modernising agriculture and increasing productivity throughout the Region. These advantages will be more enhanced if the costs of establishing these settlements are further reduced; the Ministry is therefore examining ways and means of doing this. A second major project is the improvement and increased planting of tree crops, among which are cocoa, oil palm, rubber, cotton, coconut, etc. Approximately £2.5 million is allocated for this purpose. High-yielding disease-resistant varieties of these trees are to be introduced and at the same time farmers will be encouraged to adopt improved processing methods. It is the Government's intention to distribute 10 million cocoa seedlings each year, whilst the Western Nigeria Development Corporation, which already has a total of 6,000 acres under cultivation, proposed to increase this area to 10,000

acres of first-grade cocoa trees over the period. In the case of palm produce, it is intended to distribute half a million high-yielding seedlings each year. These will be sold at a subsidized rate. At the same time, training is to be given to farmers in hygienic and correct methods of processing to obtain high grade oil. The Regional Government will also provide facilities for large-scale mechanised processing where investigations show that this will be profitable. It will also offer encouragement to farmers to form co-operative processing in small factories. In the case of rubber, which constitutes a valuable export crop, it is intended to rehabilitate uneconomic farms by replacing old trees with high-yielding varieties and by encouraging increased acreage by incentive schemes. It is planned to produce and distribute $2\frac{1}{2}$ million clonal seedlings each year.

15. The Government's programme for food production is designed to meet the demands of the growing population, to raise the nutrient value of foods and to expand the variety of foodstuffs available in order to cater for changing tastes and the rising level of living. Special attention will be given to storage and marketing problems. The programme includes the multiplication and distribution of hybrid maize and improved varieties of rice, groundnuts, melon seeds, cowpeas and guinea corn.

16. Similarly, the programme for livestock improvement aims at remedying the present shortage of animal protein in the people's diet. Included in it are such projects as beef production; the establishment of dairies at Agege, Ibadan, Akure and Benin; the breeding and multiplication of pigs, and poultry-keeping. A sum of £265,000 has been allocated to these projects. Allied to the planned expansion of livestock, a capital provision of £443,000 has been made for Government Veterinary Services. The Department

/will also

will also conduct investigations to improve the quality of hides and skins, which at present yield between £75,000 and £100,000 in exports.

17. In other sections of primary production, a capital expenditure of £98,000 is proposed for forestry operations in order to provide adequate timber for local use, to meet the demand of local industries, which include paper and match-making, and to maintain or exceed the present rate of export of high quality timber. For the Fisheries Department the sum of £143,000 has been allocated for investigation purposes. Plans to develop sea-fishing by means of co-operative fishermen's associations have been prepared. These plans have been co-ordinated with similar projects to be undertaken by the Governments. Finally, the Government has set aside a sum of £1.5 million as agricultural credit to assist farmers to avail themselves of the benefits of agricultural extension services.

(b) Co-operatives

18. With the expansion of the Co-operative Movement in the Region, the need to provide more finance to assist the increasing activities of the Co-operative Societies has urgently arisen. These Societies depend on the Co-operative Bank for loans to finance consumer business, produce marketing, spraying equipment and other activities which are complementary to the main Regional agricultural programme. The sum of £1.5 million has therefore been set aside as loan capital to the Co-operative Bank.

(c) Industrial Development

19. The need to diversify the economy and to expand the industrial sector has already been stressed. With the planned increase in agricultural production, and with fast-developing urbanisation, the Government recognises the necessity to introduce an imaginative industrial development programme. Within this programme, Government's policy will

/be to continue

be to continue to provide an adequate framework in which private enterprise can function.⁽ⁱ⁾ The programme includes proposals for the encouragement of small-scale and cottage industries which will be widely spread throughout the Region and for the development of new large-scale industries. Throughout, care will be taken to encourage those industries which will prove economically viable and will contribute effectively to the fulfilment of the target set for economic growth.

20. In the field of small-scale and cottage industries, the Government proposes a capital expenditure of £1,600,000. Proposed projects include centres for making bricks, ropes, mattresses and cushions in addition to textile weaving. The Industries Division of the Ministry of Trade and Industry will intensify its training programmes for small businessmen and will provide technical help. In addition, the programme includes a scheme for training small businessmen, which will be carried out in co-operation with the Agency for International Development of the United States Government.

21. The Industrial Promotions Commission, a Statutory Corporation established by the Regional Government, which is responsible for attracting industries into the Region, has already proved highly successful. Industries which have been established recently include enamelware, coir fibre products, plastic shoes, beer, biscuits and palm oil processing. Negotiations for the establishment of other industries, including glassworks, tobacco and cigarettes, reinforced concrete works, insulated cables and wines, matches, rubber tyres and tubes, insecticides and agricultural chemicals, have already reached an advanced stage.

(i) A detailed description of the programme for industries is in Chapter IV of the Technical Appendix No. .

The Commission is examining other possible proposals such as cocoa processing, palm kernel processing, coconut processing, pulp and paper manufacture, fertilizers and agricultural chemicals, chipboard and fibre-board, and pharmaceuticals. It is also intended that the Western Region Government will participate in the iron and steel mill, which is included in the Plan as a national project. In this connection, it is expected that the mill will utilise raw materials from the Region. In each case the industries will make use of local raw materials. In all these ventures, the criteria for their establishment are their rates of profit, their economic and commercial contribution to the economy and the extent to which they help to exploit the local raw materials. A sum of £10 million has been allocated for investment in various industries.

22. To facilitate the establishment of industries in suitable areas, Government proposes to provide, at a capital cost of £3,333,000, industrial estates at Ajeromi, Ibadan, Oshogbo, Abeokuta, Ijebu-Ode, Warri, Sapele and Akure, in addition to those already at Ikeja and Mushin.

(d) Electricity Supplies

23. It is anticipated that cheap electricity will become available from the Niger Dams project within the Plan period. The Government's rural industrial policy and the establishment of more industrial estates make it necessary to provide electricity in both rural and urban areas. A sum of £2 million has been allocated for this purpose; however, the whole electricity supply programme will be subjected to continuous review in the light of the progress made on the Niger Dams project.

(e) Roads and Bridges

24. A programme for road and bridge construction costing £7 million has been planned. Apart from the construction of a few new feeder roads which are justified on strict economic grounds, the main emphasis during the Plan period will be placed on the consolidation and improvement of the existing basic road system established during the 1955/62 planning period. By 1968, it is estimated that there will be over 1,400 miles of tarred roads designed to carry traffic up to at least 300 vehicles a day. In addition, there are already nearly 700 miles of tarred roads in the Region which are the responsibility of the Federal Government. A Highway Advisory Board, responsible for the periodic review of road classification and the determination of priorities in road construction will be established.

(f) Education

25. The Ministry of Education capital expenditure over the six-year period is estimated at £12.75 million and the proposals cover all aspects of education from the primary to University levels. Universal primary education is already established throughout the Region. In this field, therefore, the aim will be to raise the standard of teaching in the primary schools by a vigorous teacher-training programme. Technical and commercial education will receive a very high priority since it is recognised that there will be an increasing demand for skilled and sub-professional labour as industrial development gathers momentum. Concurrent with this are the high-level manpower needs in all sectors of the expanding economy. The new University of Ife has already been established and a sum of approximately £5 million

will be made available to the institution over the Plan period. The Reports of the Ashby and Banjo Commissions⁽ⁱ⁾ which reviewed the educational system of the Region are being studied and the Regional Government has included in the Programme provision for the implementation of the Ashby Report proposals. However, the education programme may later be reviewed in the light of the further study now being given to these Reports.

(g) Water Supplies

26. The whole future of the development and management of water supplies in the Region is under review. Proposals to establish a Regional Water Board responsible for efficient management of the existing water undertakings and for the establishment of the new supplies are receiving active consideration. Over the Plan period, capital provision of £7 million has been made for urban water supplies. In line with the policies of the other Governments of the Federation, it is the intention of the Regional Government that economic services should in general be paid for by the users. This criterion has therefore further strengthened the need for the establishment of a Regional Board. Consideration is also being given to ways of providing cheap but efficient water supplies in the rural areas. To this end, the sum of £3.1 million has been set aside in the capital programme.

(h) Health Services

27. Capital expenditure to implement the medical and health programmes over the six-year period is £1,636,000.

/In view of the

- (i) Investment in Education (The Report of the Commission on Post-School Certificate and Higher Education in Nigeria)- Ashby.

Report of the Commission appointed to Review the Educational System in the Western Region.

- Banjo.

In view of the progress made in curative services during the 1955/60 Plan period, emphasis in the new Programme will be placed on preventive and social medicine. There will, however, be an intensification of the training programme for nurses.

(i) Housing

28. The Government has already established a Housing Corporation which is responsible for the construction of a series of housing estates, for providing finance for purchase of these houses and for providing mortgage finance for privately built houses. The Government recognises that one of the greatest incentives which can be offered to the people is the opportunity of acquiring a well-built and reasonably priced house. During the coming six years, the sum of £4.5 million will be made available as loan capital to the Corporation. However, it should be noted that it is Government policy that the Corporation should be self-supporting as soon as possible. The Government Staff Housing Scheme will continue to be operated and £1 million has been set aside for this purpose.

(j) Town and Country Planning

29. Towns, such as Ibadan, Ikeja, Oshogbo and Sapele, have been growing very quickly and this trend is expected to continue during the next few years. In order, therefore, to ensure the rational development of towns in the Region, effective Town Planning Authorities will be set up in these urban centres. In collaboration with the Community Development Division of the Ministry of Economic Planning and Community Development, an integrated programme of urban and rural development and planning will be implemented.

The sum of £1.6 million is to be allocated to Town and Country Planning and a further £500,000 will be made available for rural development schemes for village reconstruction and planning. A survey of the economic, social and cultural problems in Ibadan will be made before the slum clearance scheme is undertaken. It is estimated that the survey will cost £100,000.

(k) Community Development

30. Community Development in the Region is conceived as a part of a larger social and historical process and for this reason an integrated rather than a segmented approach has been applied throughout the programme. By community development technique, individuals in both rural and urban communities are motivated to desire social and economic progress and to participate actively in attaining the felt needs. A series of integrated rural development pilot schemes which include:-

- (i) an aided self-help low-cost rural housing programme;
- (ii) an environmental sanitation scheme;
- (iii) an agricultural improvement programme;
- (iv) a rural industries programme; and
- (v) the planning and reconstruction of villages;

has been launched. A capital sum of £3 million has been provided for these projects.

(1) Other Services

31. The programmes for Social Welfare, Information Services and Administration and Judicial Department are described in greater detail elsewhere.⁽ⁱ⁾ Mention, would, however, be made of the proposal to commence the establishment of fire services in the Region. Fire stations will be built at Ibadan, Ikeja and Sapele during the Plan period at a total cost of £500,000. It is the policy of the Government that fire stations should be established in all industrial and commercial centres in the Region.

Manpower.

32. The implementation of this Programme calls for effective and full mobilisation of both the financial and the human resources of the Region. Every project has therefore been carefully scrutinised in the light of the necessary executive capacity. In those cases where a sufficient number of staff is not already available, a check has first been made to ensure that the recruitment and training problems can be satisfied. The Regional Government has already gained considerable experience during the last Plan period of the manpower problems attendant upon development planning and an efficient training programme has been built up to overcome this major obstacle.

Reviewing the Plan.

33. For any Development Plan, an integral and essential phase of the planning exercise is that it should be regularly and carefully reviewed. Development programmes are
/estimates based upon

(i) See Chapter V of Appendix No.

estimates based upon historical facts and trends that have manifested themselves over a period of time. This Programme must not be regarded as inflexible or as an immutable blueprint for the future. The Programme will, therefore, be continuously re-evaluated and subjected to careful scrutiny in the light of the achievements realised, and individual projects will be adjusted in the light of experience and performance.

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PROBLEMS AND POLICIES IN IMPLEMENTING THE PLAN

In this final Chapter, it is proposed to review briefly some of the problems encountered in the preparation of the Plan and problems that are likely to arise in the course of its implementation.

(a) Problems in the preparation of the Plan

2. The Plan, as now prepared and presented to the country, is the result of work carried out in less than 15 months. In many countries where five- or six-year Plans have been prepared, the time taken has been considerably more. The Governments necessarily had to strike a balance between taking more time to perfect the Plan and presenting a National Plan to succeed the previous Programmes and then continually refining and improving it as more reliable data becomes available.

3. Apart from the shortness of time, plan preparation has been handicapped considerably by the lack of much necessary statistical data and pre-investment surveys. Statistical information on Nigeria such as is necessary to plan efficiently has yet to be organized properly, although such information as is available has been used to the utmost. Information on the most economic activity, agricultural production, is very limited and frequently unreliable; information on industrial production has still to be built up; information on capital issues and other banking and financial statistics requires to be systematised; and reliable information on balance of payments, especially as regards invisible payments and receipts and capital flows is not as yet available.

4. The Governments are determined to forge ahead as rapidly as possible with improving their statistical machinery, but inevitably there is a pace beyond which it is not possible to force the pace of progress in this field.

5. Another category of information necessary for efficient planning but not available in Nigeria is the information on resources and possible projects - commonly known as pre-investment surveys. The preparation of some of the engineering projects, for example, such as that on the Niger Dam, take several years and unless both the technical and economic aspects are properly examined projects of that kind cannot be regarded as ripe for inclusion in a Plan. There has never been a complete survey for the best possible utilization of land or water resources of Nigeria upon which to base various agricultural or irrigation projects or projects designed for urban or industrial uses of water. The Department of Geological Survey, valuable as its past work may be, requires to be considerably expanded to provide a more complete appreciation of the country's mineral potential. Aware of these various shortcomings, the Governments have made provision in the present Plan for a considerable expansion of the country's statistical machinery, for the encouragement of economic research outside of Government Departments through the enlargement of institutions like the Nigerian Institute for Social and Economic Research. Apart from the Survey of Nigerian agricultural development to be conducted by the Food and Agricultural Organisation, the Governments also plan to carry out a countrywide survey of water resources for the development of their power potential as well as to examine their potential for irrigation, industrial uses and inland navigation. The material that these various surveys will make available to the country will enable the subsequent plans to be drawn up on a more scientific and a more adequately evaluated foundation.

(b) Problems in the Implementation of the Plan

6. The implementation of the Plan will raise many problems which the Governments will have to face and among them the

/following

following are the more important.

(i) Inflation

7. During a period of rapid economic growth such as is implied in development planning, the increased level of capital investment often leads to the creation of demand for various goods and services in excess of available supplies. In such a situation, purchasing power in the hands of the community and the demand for goods which this generates will be in excess of the goods against which it is to be exchanged; this is the crux of the problem of inflation. Inflation, in turn, raises the demand for foreign goods and leads to an excess of imports over and above the planned increase in imports, and thereby to an excessive strain on the country's foreign exchange resources and balance of payments.

8. Inflation, if allowed to grow unchecked, will not only create a crisis in the country's external payments position but it will also lead to distortions in production at home and disparity in wage levels. It will stimulate speculation in all manner of property and durable goods, it will reduce the community's capacity to save, and in every conceivable way upset the progress of the very plan for the execution of which the expenditures are incurred. The Governments are therefore determined to keep watch over these twin dangers, which, unless the greatest care is taken, are liable to overtake developing economies without warning.

9. Every effort has been made to provide a sound basis for Governments' plans through a careful appraisal of the trends of national income and savings and of the size of domestic mobilization and external assistance necessary to carry out such a plan in a balanced manner. It is earnestly hoped, therefore, that the Plan will not generate a sizeable

/inflation.

inflation. Should, however, inflation threaten for reasons beyond Nigeria's control, the Governments will meet such a situation by the adoption of fiscal and monetary policies designed to restore a balance.

10. Such a situation would call for a reduction in the purchasing power in the hands of the public of such means as stepping up the tempo of domestic savings, a possible increase in certain lines of taxation, as well as the adoption of suitable central banking policies. It is also intended to rely as far as possible on indirect controls which are so much more efficient than direct controls on trade, exchange or production. The latter also are far more difficult to administer.

(ii) Balance of Payments

11. As in the case of inflation, although the Plan as now formulated envisages no major balance of payments difficulties, external factors may falsify the projections upon which the Plan is based and lead to a balance of payments crisis.

12. In regard to both exports and imports, prices are determined internationally and price changes can occur for reasons completely beyond the control of Nigeria, or indeed any other individual country.

13. In drawing up their Plans, the Governments have made very cautious assumptions with regard to both export and import price trends; but complete foresight in these matters is impossible, and events now unforeseen may upset calculations, however carefully derived. It is also possible that sometimes problems may arise from within the economy, such as, for example, a completely unexpected spurt of private investment well beyond the Plan calculations. If that happens, the

actual demand for goods and services will again exceed the calculated demand, leading, through inflation, to a crisis in the balance of payments. Whether the cause should arise due to external or domestic factors, the remedy would necessarily be a drastic curtailment of not only some of the less essential imports but even some of the necessary imports; and incentives would have to be offered such as would increase exports or increase capital flows into Nigeria. In such a situation, again, it is the Governments' intention to place reliance primarily on fiscal and monetary measures to redress the balance between goods and money. Such a situation can also be redressed by resort to physical controls, such as import licensing or exchange control. Governments will not hesitate to use this weapon should other measures fail to respond. They are fully aware of not only the administrative problems of operating an efficient system of exchange control, especially in a country with such long land and sea frontiers across which movements of goods and money are extremely difficult to control. They are also aware of the numerous problems that flow from such controls, both on the pattern size of trade, investment and capital flows which may be considerably affected by such controls to the disadvantage of the Nigerian economy.

(iii) Manpower Policy.

14. The implementation of projects both in the public and private sectors will be limited not only by available funds but even more by the lack of trained staff. To some extent, the problem of executive capacity can be overcome by hiring foreign experts. There are, however, two limits to this solution.

15. The first limit is that it is very much easier to find abroad the relatively few managers needed than the many

/foremen.

foremen. The most difficult problem is to find supervisors, managers, foremen and skills on the intermediate level. These skills are hard to find and expensive to purchase in the number required.

16. Secondly, there is a real danger that the Plan may be unbalanced in the direction of existing executive capacity. Roads and bridges, for example, can be built fairly easily by hiring foreign contractors and consultants. It would be quite easy, and indeed tempting, to design a large overall programme which would be seriously unbalanced in favour of road construction and civil engineering construction in general. In many cases, it is quite easy to buy machinery and capital works, but it is exceedingly difficult to expand essential agricultural production or technical education. In preparing this Plan, every effort has been made to overcome the temptation to unbalance the Plan in the direction of what can be achieved easily rather than what should be achieved.

17. The Ashby Commission has suggested a very ambitious educational programme as well as the establishment of a Manpower Board to co-ordinate the education programme with the needs of the rapidly developing economy. It is the policy, which at present is only beginning to be implemented, to link educational and training targets with the prospective manpower needs of the economy. It is for this reason that highest priority has been given to technical training as distinguished from technological education. The expansion of Nigeria's universities and their emphasis on scientific studies will gradually meet demands for high level manpower.

18. There is, however, the intermediate level of foremen, workers skilled in industrial trades, and craftsmen, who traditionally have been trained as apprentices inside enterprises. It is not belittling the essential importance

of "on the job" training to state that it is the policy of the Governments to supplement such training by establishing specific institutions for the training of industrial and craft skills. In addition, supervisors, particularly for the expected growth of agricultural credit and other savings institutions, will be needed and training for them must be provided.

19. A significant number of foreign technicians will still be required even given the best efforts to develop Nigerian manpower. Nigeria welcomes this technical assistance and recognizes that major efforts are required to ensure effective utilization of these services. Governments are acting to improve the effective co-ordination and administration of technical assistance, e.g. appointment of Nigerian counterparts.

(iv) Problems of efficiency in the Public and Private Sector.

20. Modernization of an economy means more complex and larger problems and organizations. It places a premium on rapid decisions correctly taken. Furthermore, the shift to a predominance of public over private investment will force greater strains on an already overburdened administrative machine. Thus, special attention is being given to methods of improving the performance of existing organizations and procedures. These include :-

- More rapid and effective recruitment.
- Increasing the work incentives and performance of officers.
- A simplification of administrative procedures.
- Improving the purchasing and tendering procedures to achieve major economies in cost.

(v) Problem of the Cost of Construction.

21. Procedures to secure civil engineering works and the methods of construction employed which have been inherited by the present Governments have not always placed premium on economy in costs. The Governments have had this problem keenly before their minds and it is their intention to seek through various means to simplify and standardize the patterns of construction with a view to reducing considerably the cost to the community. They have had the benefit of the recommendations of a United Nations expert for some time and a definite policy is being evolved on the basis of these and other suggestions. The Governments hope to effect considerable economies so as to provide the same amenities at a much cheaper cost. Both by bulk purchases, simplified design, the use of new materials, proper timing and, above all, by rigid adherence to accepted tenders procedures, as well as by increasing the degree of standardization, it is hoped that such costs can be effectively lowered.

(vi) Problems in the Private Sector.

22. It has been stated often that the vigorous expansion of the private sector is an essential part of the First National Plan. Governments are aware that the Plan calls for a major increase in public savings with corresponding sacrifices by private citizens. However, there is some margin for private domestic savings to grow and Government will take necessary steps, in policies and facilities, to induce greater private investment.

23. The existing Pioneer Industries and Import Duty Relief Statutes provide a framework of incentives for private investment, and these will be constantly under review for their effectiveness in industrial promotion. The Governments will

also enlarge the facilities for private investment, e.g., the improved supply of electricity, water and transport at reasonable rates.

24. To stimulate further private investment, Governments will help expand the capital of existing Development and Credit Corporations and seek to establish the Development Bank. The function of Development Corporations is seen primarily as establishing new industries and taking risks where private investors are unwilling or unable to invest. The Corporations assist the private sector in three ways. First, by emphasizing investments in partnership with private investors, the Corporations make possible additional private investment whilst multiplying the size of investment from their limited resources. Second, once an investment is launched, the Corporations will turn over its capital at a profit for further investment. Finally, the Corporations will engage in the production of goods required by other private investors. In order to fulfil these functions, the Corporations will be strengthened by additional capital and the expert manpower to provide supervision.

25. The Development Bank will help to provide the all too frequently scarce capital required by the private investor. Although due consideration will be given to conventional commercial criteria for loans, the major emphasis will be on economic criteria that make the maximum contribution to the objectives of the Plan. However, these credit activities will be organized to supplement rather than supplant conventional sources of private capital which itself must expand. The term 'industry' must not be interpreted too narrowly. The policy towards the private sector is intended to solve the problems essentially related to the modernisation of the Nigerian economy; these include the modernisation and Nigerianisation of agriculture and trade as well as of industry.

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26. The Agricultural Credit Institutions will provide credit for the improvement of agricultural production for such purposes as the establishment of Nigerian-owned plantations, for example in rubber and oil palms; the purchase of modern palm oil presses and other implements; and, possibly, for the purchase of improved seeds, increased use of fertilizers, and improved use of machinery. In short, the Governments intend to view the problems of private investment in every sector of the economy on their merits and to select pragmatically the solution that will lead to maximum investment and production.

27. While being fully alive to the need to increase foreign private investment in order to accelerate the development of the economy, the keynote of Government's policy towards private investment will be "Nigerianisation and not Nationalisation". Thus, the foreign private investor will have access to all the incentive policies and facilities available to the Nigerian investor. On the other hand, Governments will insist upon fullest Nigerian participation in ownership, direction and management at the earliest possible time. Specifically, it is expected that Nigerians will be trained and employed for all, including the highest, positions as fast as possible.

28. In regard to industrial policy generally, it is Governments' intention to treat each industry and sector on its merits, and take the necessary and appropriate actions required to achieve the development of the economy. Although Governments do not wish to build up substantial government-owned sectors, they will not restrict themselves from substantial investment in any sector where available or where private capital is not forthcoming in sufficient quantity. In such cases, attention will be paid to the desirability of disposing such investment to Nigerians at a suitable opportunity so as to free funds for further investment. Similarly, although Governments do not intend to reserve selected industries for exclusive

governmental investment, they are not opposed in principle to public ownership outside the already owned sectors, such as electricity or railways. Except where compelling reasons exist, public funds will be used to establish new industrial undertakings rather than to take over existing enterprises.

29. Governments are aware that private investment, as with public investment, must be induced into desirable channels. Private investment that fits in more appropriately to the pattern of development is preferred to other low priority investments, e.g. fertilizers to cosmetics. Low cost industries are preferred generally to high cost industry. An industry that cannot survive except under heavy tariff protection or other subsidies will not be in the best interests of the consumers and therefore of the country. However, where an industry holds a reasonable promise of success eventually, Government would be willing to afford protection for a reasonable period of time, but such industries will have to bear, ultimately, a fair share of taxes and be able to produce goods for consumers competitively.

30. In short, the ultimate goal of the Governments is to encourage and develop Nigerian enterprises and a Nigerian community of investors. Apart from incentives and economic overhead facilities, the Governments intend to provide education as well as a framework of institutions - financial and others - and appropriate legislation designed to encourage the growth of such a community.

(vii) Sacrifices and Savings.

31. Possibly the most difficult problem in implementing the Plan will be to increase the savings capacity of the Nigerian economy. The difficulty arises in that, although a poor country, Nigeria already has a record of relatively

high savings among under-developed economies. However, if development is to accelerate sufficiently to provide a reasonable level of living for the people and make the economy self-reliant in savings and investment by the earliest possible time, then a major savings effort from now on is inescapable.

32. The Governments have given careful consideration to expanding public and private savings by the most equitable, administratively efficient, and economically effective methods. Special attention in the composition of the Plan projects has been given to expanding the taxable capacity of the economy to sustain the increasing demands upon it. In selecting projects and establishing priorities, the effect of each project upon future tax revenues was taken into account. Furthermore, the major condition required to avoid inflation and balance of payments problems is to ensure that, on the one hand, as many domestic resources are raised as possible and that, on the other hand, the total programmes are kept within the available resources.

33. It is the intention of the Governments to limit subsidies to those sections of the population which cannot afford needed services, and to those services, such as education and health, the provision of which should not depend primarily upon their ability to pay. For the rest, it is intended that, as far as reasonably possible, the cost of services should be paid for by the people benefitting from such services.

34. Closely related is the need to involve the local communities much more than in the past in the financing of programmes of direct benefit to them. It is intended to shift more of the cost of local services to local communities.

35. Of equal importance to public savings is the rapid development of voluntary savings of the private sector. The raising of domestic savings requires further development of the money market. The Governments intend to raise as many funds as is prudent by the sale of treasury bills and long-term development bonds. In addition, it is intended to mount an intensive campaign to mobilize small savings by every possible means. At the same time, the stock market is to be developed further and it is hoped that increasing savings will also flow into the private sector both by this means and by the development of private savings institutions.

36. Related to the development of private savings is the policy of all Governments to mobilize the resources of their Statutory Corporations and Agencies. One method will be to sell off as much as possible of their holdings to the public. As was discussed in paragraph 24 above, it is considered that the primary role of Development Corporations is to start new industries and to take the initial risks. Once such enterprises have launched successfully they will be sold to private Nigerian investors in order to raise further capital for accelerated expansion. Finally, a maximum amount of self-financing is required from all Statutory Corporations in the Federal and Regional Governments and all internal resources, including repayments of the Statutory Corporations must be mobilized for further development to the greatest extent possible.

37. Regardless of the form of savings, the Governments fully realise that a major increase in savings is a sine qua non of implementing the Plan. This means that the price of development is sacrifices in the form of postponed consumption by all in Nigeria. A poor country seeking to raise itself to increased levels of living cannot avoid the

hard fact that developing a better economic life for the future requires sacrifices to-day. The time to prepare for future Development Plans is now. The greater the sacrifices now, the faster the burden of sacrifices can be eased and a better life achieved for all.

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