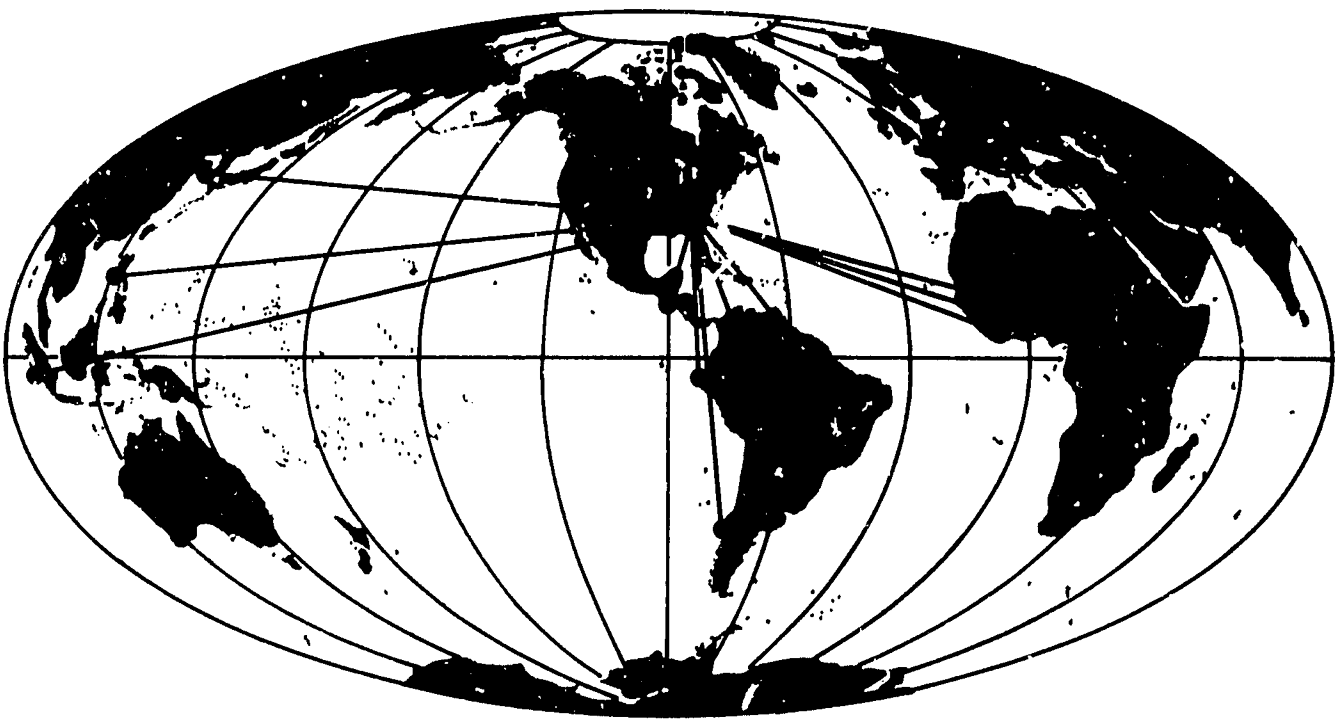
EMPLOYMENT GENERATION THROUGH STIMULATION OF SMALL INDUSTRIES



NIGERIA: SMALL–SCALE INDUSTRY FINANCING AND DEVELOPMENT

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NIGERIA: SMALL-SCALE INDUSTRY FINANCING AND DEVELOPMENT

by

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Summary and Conclusions

Nigeria has a military government with absolute power. The economic planning by this government is placing increasing emphasis on small-scale industry development to expand national output and reduce the level of unemployment.

Population growth for the decade ending in 1973 averaged an annual compounded rate of 3.7%. Widespread open unemployment exists in urban areas and much underemployment in rural areas. Only 20% of the urban population over five years of age is literate, and in the rural areas literacy falls to 2%. Wage employment is around 5% of the total work force.

One of the most pressing current problems is to generate employment opportunities for the graduates of Nigeria's educational system. Formal education has sharply reduced the number of young people willing or able to perform the apprenticeships required for self-employment or own-account activities such as farming, crafts or petty trading. Unless the modern wage sector expands sufficiently, the products of the school system will face a difficult future and the economic modernization effort will stall. The government planners recognize that medium and larger-scale wage employment is unlikely to develop rapidly enough, which explains the emphasis on indigenous small-scale industry development. Small-scale industry (under 10 employees) has typically had a high employment absorption capacity, and a 1965 pilot study showed that small additional capital invested in such industries offered increased output and produced considerable employment generation.

The preference for a liberal education by most students has led to a relative scarcity of technicians and skilled workers; in turn, this constrains factor substitution and productivity growth.

The Indigenization Decree, effective April 1, 1974, transferred control of most expatriate businesses to indigenous businessmen. In the banking sector, the growing presence of Nigerians in management is likely to lower the efficiency of banking operations. Nearly all indigenous commercial banks in Nigeria have failed or have been in financial difficulty over the last 20 odd years.

The marketing board system is used in Nigeria for major crops. The effect has been to reduce agricultural production incentives (farmers have been receiving only a rather small fraction of the world price for their products), and agriculture has been stagnating. The Third Development Plan, 1975-80, has allocated ₦1.4 billion to agricultural investment, some six times the amount of the Second Development Plan, to spur agricultural output.

Per capita income in Nigeria has grown steadily, reaching an average of $235 in 1973. Given the extreme skewness of the income distribution in Nigeria, these averages, however, have little meaning. (Some 95% of the population had incomes under ₦400 in 1967 and accounted for 70% of gross income.) Regional differences in income are also large. While good data are very sketchy, the most knowledgeable people studying this subject generally believe the rich are getting richer and the poor poorer. Income equity appears to be an increasingly serious problem in Nigeria.

In Nigeria, information on the relative importance of funds sources and uses by type of financial intermediary is fragmentary or unavailable, and, in general, any description of economic trends is hampered by the lack of a sufficiently comprehensive statistical series. Recognizing these limitations, there is evidence which suggests the private savings rate is rather low, and this conclusion is supported by reports of a general distrust of banks and financial intermediaries. (Much of this stems from a series of bank failures which caused many hardships.)

Governmental efforts at the federal level to foster capital formation have included the creation of a Central Bank, the Nigerian Industrial Development Bank (NIDB), the Nigerian Enterprises Promotion Board (NEPB), the Agricultural Credit Bank, and the Nigerian Bank for Commerce and Industry (NBCI). At the state government level, banks, insurance and investment companies have all been chartered. While these efforts have had some success (private savings have grown from around 7% of GNP at the end of 1964 to an estimated 12% by the end of 1971), private savings were still too low in relation to the capital formation necessary to absorb the growth of the labor force. Moreover, the Second National Development Plan foresaw gross savings in the economy (as a percent of GDP) falling from 16.1% in 1972 to 11.8% in 1974. Again, while the available data are fragmentary, it does seem there is a need to increase savings in Nigeria.

Turning next to the allocation of investment funds, the NIDB is a prime source of longer-term capital. Of its total assets of ₦36 million in 1974, 69%

were in equities and debentures. The exclusion of proprietors and partnerships, however, coupled with a minimum size commitment of approximately US$30,000 (the NIDB loan must be no more than 50% of the total assets of the client firm), greatly limits its importance to small-scale industry. Finally, the NIDB is probably much too small for its function.

The central thrust of the NBCI's operations was to facilitate the Indigenization Decree (whereby expatriate business firms were taken over, wholly or in part, by Nigerians). Normally no loan for less than ₦20,000 is made by the NBCI, again reducing the importance of this bank for small-scale industry.

The commercial banking system provided a monthly average of some ₦1,372 million in credit to the Nigerian economy during 1974. Commercial bank loans and advances, however, have percentage distribution restrictions set by the Central Bank (the monetary authority). This has resulted in the commercial banks having production and other loans above the prescribed ratios while service and general commerce were below. Certainly for industrial development, this is a clearly undesirable situation.

The volume of small-scale industry lending by the commercial banks is not available, but the state commercial banks do play a minor role. In the Western State of Nigeria, of 13,592 small-scale industries surveyed, 13,273 were owner savings financed, 254 had funds from relatives and friends, 38 borrowed from moneylenders (outside the organized finance sector), cooperative societies financed four, a government loan was obtained by one, and banks lent to the remaining 22. Since the Western State and Lagos are by far the two most important industrial states in Nigeria,[1/] it seems likely that in the other states, small-scale industry would receive even fewer loans from the organized financial sector. Much more needs to be done by the organized financial sector in providing funds for small-scale industry.

Looking at the Nigerian manufacturing sector in more detail, small-scale industry (under 10 employees) employed 180,000 in 1972, almost as many as the medium and large-scale firms (185,000). Cottage industry (and artisans) provided employment for an estimated 3 million. The oil industry, with an

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[1/] This report is based on available data, which are for time periods prior to reorganization of Nigeria into 19 states in 1976.

employment of 10,000, produced 50% of gross output. Medium and large-scale industry accounted for 45% of gross output, and the balance, 5%, was added by small-scale industry. (Cottage industry gross output is excluded because of lack of data.)

Since 1962, Industrial Development Centers (IDCs) have played a growing role in development. With the more recent integration of the state small-scale industry credit schemes (SICs), their effectiveness has increased. While further expansion of these programs is contemplated, along with the establishment of industrial estates located near population centers in each state, the total volume of SIC loan activity is still very small. During the period 1969-72, only 570 loans were made by SICs, totaling ₦3.1 million. For the planning period 1975-80, 2,200 loans are projected, involving ₦22.2 million. The average loan size during the period 1969-72 was ₦5,460, and this is expected to rise to ₦10,000 during 1975-80. While this is not very large in an absolute sense, a better understanding of this magnitude may be had by considering that the average annual wage in manufacturing was ₦307 in 1971.

From a benefit/cost standpoint, the preliminary evidence from the Zaria IDC indicates increased aggregate income over five years attributable to assistance was about six times the cost. (The U.S. Small Business Administration reports a benefit/cost ratio estimate of 10.)

Given the satisfactory benefit/cost ratio for small-scale industry assistance, it would seem appropriate to expand these programs much further, particularly in view of the high employment absorption capacity of small-scale industry and the current unacceptably high unemployment rate.

THE NIGERIAN ECONOMY: HUMAN RESOURCES, EMPLOYMENT, AND INCOME

Government

Since 1968, the Nigerian economy has been directed by the Federal Military Government (FMG). Its functions are conducted through three main organs: the Supreme Military Council (SMC), the National Council of States (NCS), and the Federal Executive Council (FEC). The SMC is the ruling body of Nigeria and provides the general policy guidelines within which the affairs of the nation are conducted. Its members are the Head of the FMG, the Chief of Staff, the heads of the Army, Navy, and Air Force, and the Inspector-General of Police. The NCS provides a forum for state representation at the federal level in the discussion of matters affecting the states. In addition to the aforementioned military leaders, it comprises the Military Governors of the 19 states. The FEC directs governmental operations, employing about 25 commissioners (of agriculture, education, finance, etc.), both civilian and military, who are officially technicians.[1/]

At the state level, the Military Governor heads a State Executive Council (SEC).

A democratically elected civil government is to be established and a new constitution to be adopted by October 1979.[2/] Major steps in the nation's transition to civilian rule already have been taken. Elections to newly established Local Government Councils were completed in January 1977,[3/] and a National Constituent Assembly was elected in August 1977. The Supreme Military Council appointed 20 members, as well as the chairmen of the Assembly and of the constitution drafting committee. Another 203 members were elected by popular vote, with each state allocated five representatives plus additional members apportioned on a population basis.[4/]

1/ Nigerian Consulate-General, Information Section, News from Nigeria, Vol. 3, No. 9, June-July 1977 (360 Post Street, San Francisco, California).

2/ News from Nigeria, Vol. 2, No. 5, October-November 1976.

3/ Africa Report, March-April 1977.

4/ Africa Report, September-October 1977.

Federal corporations are used to provide water, power, communications, and transportation. These are:

- Electricity Corporation of Nigeria
- Niger Dam Authority
- Nigerian Railways Corporation
- Nigerian Ports Authority (NPA)
- Nigerian Airways
- Nigerian National Shipping Line
- Post and Telecommunications

Only the NPA is consistently profitable. Tax sources are allocated, but revenue sharing is defined by the Nigerian constitution. Government capital and current expenditures are budgeted separately, with capital expenditures charged to the Development Fund. About 40% of total tax revenues now come from the petroleum tax.[1/] A capital gains tax of 20% was imposed in 1967. The corporate income tax rate is 45% on incomes over ₦10,000 and 40% on those under ₦10,000.[2/] The available summary data on government revenues and expenditures are shown in Table 1.

The military funding demands of the Civil War, 1967-70, eroded economic and social services, while debt service rose to 23% of total government revenue in 1969-70. Agriculture, by far the most important segment of the economy,[3/] was the least affected by the war; thus the economic recovery after 1970 was relatively rapid.

In 1973, the currency unit became the Naira, which is divided into 100 Kobo. It replaced the previous Nigerian pound, which was equivalent to two Naira.

[1/] In 1974, Nigeria was the fifth largest petroleum exporter, with 825 million barrels. The posted price of petroleum went from $2.01 per barrel to $14.69 in 1974 (foreign exchange earnings went from ₦253 million to ₦4,587) and the value of petroleum exports jumped to 95% of total exports. Source: Federal Republic of Nigeria, Federal Office of Statistics, Annual Abstract of Statistics, 1972 (Lagos: Printing Division, 1975).

[2/] The official exchange rate is 1 Naira (₦) = US$1.64.

[3/] A 1970-71 survey showed that 55% of all producing farms were under 2.5 acres in size and 82% had less than five acres. Even tree crops were grown on small farms. Some 25-35% of suitable land was under cultivation. Money income ranges from ₦68 to ₦144 for farm workers and from ₦168 to ₦216 for urban workers.

Table 1

COMBINED FEDERAL, STATE, AND LOCAL GOVERNMENT
REVENUES AND EXPENDITURES, 1965/66-1968/69
(in thousands of pounds)a/

Current Account: Transactions in Goods and Services and Transfers

Source of Revenue	Revenue 1965/66	1966/67	1967/68	1968/69
Tax Revenue				
Individual Direct Taxes	29,204	25,931	26,447	26,535
Company Taxes	8,865	12,949	17,221	16,602
Jangali & Cattle Tax	2,060	2,146	1,913	1,801
Import Duties	74,909	58,483	53,271	58,002
Export Duties	15,891	14,023	14,975	14,833
Produce Sales/Purchase Tax b/	3,263	4,866	394	2,995
Excise & Other Tax Revenue b/	29,915	41,719	29,365	33,336
Total	164,107	160,117	143,616	154,104
Income from Property				
Interests	1,950	2,024	3,482	2,320
Royalties	10,999	12,849	11,372	9,743
Rents & Profits c/	7,912	8,772	8,562	4,798
Premium on Mineral Oil Licences & Leases	42	500	-	18
Total	20,903	24,145	23,416	16,879
Transfers				
Current Grant for Military Expenditure	-	-	-	-
Payments & Grants from Marketing Boards & Dev. Corporations	1,297	2,709	774	1,292
Grants from Overseas	103	27	36	8
Payments & Grants from Other Sources	421	546	290	375
Total	1,821	3,282	1,100	1,675
Other Receipts				
Fines, Fees & Licences	11,992	6,698	5,094	6,433
Earnings & Sales d/	7,426	4,498	3,087	2,926
Other Receipts N.E.S.	3,079	6,923	4,164	6,104
Total	22,497	18,119	12,345	15,463
TOTAL CURRENT REVENUE	209,328	205,663	180,477	188,122

Type of Expenditure	Expenditure 1965/66	1966/67	1967/68	1968/69
Goods and Services				
Personal Emoluments e/	68,064	69,548	61,852	75,649
Maintenance of Roads & Bldgs.	10,112	11,223	9,751	9,185
Maintenance of Plants & Machinery	951	887	912	934
Other Goods & Services	41,349	38,512	39,243	44,616
Total	120.476	120,170	111,758	130,384
Transfers				
Interest on Debt	9,315	11,344	12,522	20,975
Subsidies	663	1,920	1,084	199
Payments & Grants to Persons & Institutions f/	38,396	41,987	29,189	33,754
Total	48,374	55,251	42,795	54,928
Savings of Current Accounts				
Appropriation to:				
Development Funds	18,274	6,629	569	1,000
Reserve Funds	3,310	19,707	3,560	5,126
Other Funds	2,040	891	648	3
Balance:				
Surplus/Deficit on All Current Accounts	16,854	3,015	21,147	-3,617
Total	40,478	30,242	25,924	2,809
TOTAL CURRENT EXPENDITURE	209,328	205,663	180,477	188,122

(Continued)

Table 1 (Continued)

Capital Account: Transactions in Goods and Services and Transfers

Source of Revenue	Revenue 1965/66	1966/67	1967/68	1968/69	Type of Expenditure	Expenditure 1965/66	1966/67	1967/68	1968/69
Savings on Current Account	40,478	30,242	25,924	2,809					
Grants from C. D. and W.	959	2,696	2,111	1,311	Gross Fixed Capital Formation	61,779	59,537	41,895	32,067
Grants from Marketing Boards	3,891	6,164	3,121	6,524	Grants for Capital Expenditure:				
Grants from Others	1,074	-	6	1	To Corporation	1,080	207	179	1,280
Reimbursements	309	590	1	139	To Others	2,816	1,861	2,013	2,944
Other Capital Receipts					Other Capital Expenditure[g]	4,454	4,510	34,431	35,810
Balance:									
Deficit on All Transactions									
in Goods & Services	23,418	26,423	47,355	61,317					
Total	70,129	66,115	78,518	72,101	Total	70,129	66,115	78,518	72,101

Capital Account: Changes in Financial Assets

Loans Repaid	2,234	7,815	1,718	499	Loans:				
					To Corporations	2,533	12,360	15,152	9,304
					To Others	2,143	2,257	2,364	6,868
					Investments	2,553	2,216	1,346	505
Balance:									
Net Increase in Financial									
Assets	5,011	10,929	17,145	19,726	Subscriptions to I.M.F. &				
					I.B.R.D.	16	1,911	1	3,548
Total	7,245	18,744	18,863	20,225	Total	7,245	18,744	18,863	20,225

Capital Account: Changes in Financial Liabilities

Loans External	20,509	17,608	19,487	6,419					
Loans Internal:					Loans Repaid	7,168	12,326	8,715	10,721
From Marketing Boards	-	-	-	-					
From Others	14,489	20,998	20,527	68,881					
Floating Debt	2,000	28,000	21,989	45,000	Balance:				
Deposit by Investment Co. of					Net Increase in Financial				
Nigeria	-	-	-	-	Liabilities	29,910	54,280	53,288	109,579
Total	37,078	66,606	62,003	120,300	Total	37,078	66,606	52,008	120,380
Total Capital Revenue (excluding Savings & Balancing Items)	45,545	83,821	68,960	128,774	Total Capital Expenditure (excluding Balancing Items)	84,542	97,185	106,096	103,047
Total Revenue - Current & Capital (excluding Savings & Balancing Items)	254,873	289,534	249,437	316,096	Total Expenditure - Current & Capital (excluding Savings & Balancing Items)	253,392	272,606	260,649	288,359

a/ 1 Ł = 2 ₦.

b/ Includes entertainment, betting, motor vehicle taxes and local rates.

c/ Includes Central Bank of Nigeria profits and profits from government lotteries.

d/ Includes sales of lands, buildings and other fixed capital assets.

e/ Includes pensions, gratuities, and lump sum compensation.

f/ Includes current transfers internal to corporations and other current transfers internal and abroad.

g/ Includes purchases of military capital equipment, land, stocks of unallocated stores and buildings and office accommodation for embassies outside Nigeria.

Source: Federal Republic of Nigeria, Federal Office of Statistics, Annual Abstract of Statistics, 1972 (Lagos: Printing Division, 1975).

Population

The population of Nigeria was 55,670,000 in 1963, according to the census for that year.[1/] This compares with 30,417,000 in 1952/53, giving a compound annual population growth rate over the period of 6.2%. The provisional population estimate of 79,760,000 from the 1973 census yields a 3.7% compound rate of increase since 1963. Despite these figures, the Second National Development Plan, 1970-74, estimates the current population growth rate at 2.5% per annum.[2/]

A rapidly growing population, of course, affects the age distribution of population in an unfavorable economic manner. High youth-dependency ratios result,[3/] lowering national savings and the volume of capital accumulation. Since Nigeria presently has a serious labor surplus, economic growth is not being constrained by this factor.

Widespread open unemployment is reported in urban areas and much underemployment in rural areas. Labor productivity is reportedly low, because of high illiteracy rates and few skilled laborers. Only 20% of the urban population over five years of age is literate. In the rural areas, the ratio falls to 2%. Experienced senior people to provide management are also few in number.[4/]

[1/] Federal Republic of Nigeria, Federal Office of Statistics, Annual Abstract of Statistics, 1972.

[2/] Federal Republic of Nigeria, Federal Ministry of Information, Second National Development Plan, 1970-74 (Lagos: Printing Division, no date).

[3/] In 1963, 23,925,000 persons were under the age of 15 in Nigeria, or 43% of the population.

[4/] Defining the age group between 15 and 55 as the potential labor force, following the Second National Plan, 1970-74 document (page 63), gives 29,344,000 or 53% of the total population in this category. However, of the potential labor force, 92% are between the ages of 15 and 45, leaving relatively few with the experience necessary for senior management. (In the U.S. in 1974, 8.4% of the economically active population was in the 45-54 age group and another 12.6% was in the 55-64 age group, giving a total of 20.5% of the work force that was 45 or older. The same source gave Nigeria in 1963 9.2% and 4.8%, respectively, for a total of 14.0%. [International Labor Office, Yearbook of Labor Statistics, General]).

The geographic distribution of Nigeria's population shows the Western State[1/] the most populous in 1973 (with Ibadan its principal city), having 17% of the total population. The adjoining small state of Lagos along the coastline (with the capital and principal city Lagos) holds another 3%. However, these two states (from a total of 12) hold, respectively, 72 and 6 of the nation's 183 towns with populations of 20,000 or more.

The urban population totals 4,842,000 and 1,047,000, respectively, in these two states, or 55% of the nation's total in towns of 20,000 or more (for all of Nigeria, the urban population in towns of 20,000 or more constitutes 19% of the total population).[2/] Thus, it seems clear that Lagos and the Western State are considerably more urbanized than the rest of Nigeria.

Employment

The pattern of gainful employment and gross domestic product (GDP) by industry for Nigeria is shown in Table 2.

As may be readily noted, the salient features of Table 2 are: (1) The high per capita GDP in mining, as compared to other activities. Mining here is primarily oil production, and the importance of oil in the Nigerian economy is likely to increase over time as the price of oil continues to rise.[3/] (2) The importance of agriculture in total employment coupled with its low per capita GDP.

Looking next at Table 3, the small fraction of the labor force in wage employment becomes clear.

Wage employment comprised a little over 5% of the total work force (nearly 6% of those in gainful occupations).

Of the total wage employment, nonagricultural constituted 88%. Within total wage employment, medium and large-scale enterprises accounted for 55%.

[1/] Statistics in this report refer to the period when Nigeria comprised 12 states. When the country was redivided into 19 states in early 1976, Ibadan became a part of Oyo State.

[2/] Federal Office of Statistics, op. cit.

[3/] Mining, while it only provides about 5% of total GDP, produces 27% of Federal Government revenue and 44% of export earnings.

Table 2

GAINFUL EMPLOYMENT IN NIGERIA, 1970

Industry Group	Estimated Employment, 1970 (millions)	Percentage Share of Employment	Gross Domestic Product, 1969-70 (millions of pounds)	Average Gross Domestic Product per Worker 1969-70 (pounds)
Agriculture	16.790	69.8	801.8	48
Mining	.055	0.2	68.4	1,243
Manufacturing, Crafts, etc.	2.930	12.2	153.9	53
Construction	.136	0.6	76.3	561
Commerce	3.030	12.6	190.0	63
Transportation and Communication	.167	0.7	58.5	350
Services	.946	3.9	164.9	174
Total	24.054	100.0	1,513.8	63

Source: Federal Republic of Nigeria, Federal Ministry of Information, Second National Development Plan, 1970-74 (Lagos: Printing Division, no date), p. 326.

Nonagricultural establishments employed 84% of small-scale industry wage workers. However, the absolute total of small-scale industry wage workers was relatively small (522,000 workers, or 2.0% of the total work force, much less than the current number of unemployed).

Turning to the distribution of medium and large-scale wage employment, Table 4 shows the importance of the service sector. Manufacturing is next in importance, closely followed by construction.

Education

Governmental (federal and state) support of education has been very important, with planned spending taking about 23% of projected current public expenditures during the 1970-74 period. (Actual spending on education in 1968/69 was £37,156,000, or 14% of total federal and state spending. Only national defense commanded a higher appropriation.) As a consequence, wage employment in the service sector has been swelled by these programs. The

Table 3

THE LABOR FORCE IN NIGERIA, 1970

	Number (thousands)	Percent Distribution
1. Total Labor Force	26,084	100.0
2. Unemployed	2,030	7.8
3. Gainfully Employed	24,054	92.2
Agriculture	16,790	64.4
Nonagriculture	7,264	27.9
Medium & Large-Scale Establishments*	(695)	(2.7)
Small-Scale Establishments	(6,569)	(25.2)
4. Wage Employment	1,385	5.3
By Type: Agriculture	170	0.6
Nonagriculture	1,215	4.7
By Size: Medium & Large-Scale*	765	2.9
Small-Scale	620	2.4
Nonagriculture	(522)	(2.0)
5. Self-Account Unpaid Household Workers & Unpaid Apprentices	22,669	86.9
Agriculture	16,620	63.7
Nonagriculture	6,049	23.2

*Medium and large-scale establishments were defined by the Ministry of Information as those employing 10 or more persons.

Source: Federal Republic of Nigeria, Ministry of Information, Second National Development Plan, 1970-74.

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policy objectives in education are to achieve national minimum enrollment ratios of: (1) 50% at the primary school level during the mid-1970's and (2) 25% at the secondary school level by the end of the 1970's.

A growing problem in Nigeria is employing the educated young entrants to the labor force. Formal education has sharply reduced the number of young persons willing or able to perform the apprenticeships required for self-employment or own-account activities in the traditional sector of the economy, such as farming, crafts, or petty trading. Thus, unless the modern wage sector

Table 4

WAGE EMPLOYMENT IN MEDIUM AND LARGE-SCALE ESTABLISHMENTS, 1970

Industry	Estimated Employment, 1970 (thousands)	Percent Distribution
Agriculture	70	9.2
Mining[1/]	55	7.2
Manufacturing[2/] and Processing	145	19.0
Construction	105	13.7
Electricity and Gas	20	2.6
Commerce	55	7.2
Transport[3/] and Communication	50	6.5
Services	265	34.6
Totals	765	100.0

1/ Metalliferous mining employed 51,831 in 1970 (with tin, casserite, columbite, tantalite, wolframite, etc. accounting for 51,795 of this total). The Nigerial Coal Company employed 421 persons.

2/ Manufacturing employment was reported as 128,519 in 1970. See Appendix Tables A-1(a) and A-1(b) for detail by I.S.I.C. Code.

3/ The Nigerian Railway Corporation employed 29,102 persons in 1970.

Sources: Federal Republic of Nigeria, Ministry of Information, Second National Development Plan, 1970-74, p. 329.

Federal Republic of Nigeria, Federal Office of Statistics, Annual Abstract of Statistics, 1972.

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expands sufficiently, the products of the school systems are likely to face a very difficult future and the economic modernization effort will stall.

Government planners have recognized that medium and large-scale wage employment is unlikely to develop rapidly enough, so there is now considerable emphasis on small-scale (under 10 employees) indigenous enterprise development. These typically have had a high employment absorption capacity. Promising industries here include shoe and leather work, furniture and woodworking, weaving, pottery, ceramic and glass manufacturing. Small additional capital investments in such industries were shown by a 1965 pilot study to offer increased output and considerable new employment generation. The problem, of course, is to provide capital access to these small firms.

What has become clear is that agriculture is not an avenue of employment for educated Nigerians. Not even plantation agriculture has much capacity to absorb educated labor.[1/] Thus, industry development becomes the key to utilizing Nigeria's growing educated class. One of the problems with education in Nigeria, however, is that the most highly regarded programs are those offering a liberal education. As a result, there is a shortage of technically trained people and an oversupply of liberal arts majors. Worse still, this problem will continue until attitudes toward technical training change.

The relative scarcity of technicians and skilled machine operators is a serious obstacle to economic development. As Babatunde[2/] points out, "The technological substitutability of factors (labor, capital in all of Nigeria's 19 industries except textiles and motor vehicles assembly) [is] difficult. Thus, irrespective of capital formation, the scarcity of attendant skilled labor will tend to constrain . . . factor substitution and hence constrain production growth."

Finally, he suggests that "learning" is not highly correlated with capital formation.

An even more pessimistic (or perhaps realistic) outlook is taken by Yesufu,[3/] who argues against the belief that adequate employment creation will automatically follow from a high rate of economic growth. The most dynamic sector in the Nigerian economy, oil, has provided little in employment. Agriculture, the mainstay of the economy, has been growing at a 1.5% annual rate. Manufacturing, even with a relatively high growth rate, has provided " . . . little absolute employment. Labor policies restricting strikes and allowing direct government intervention in wage determination have proven ineffective [and] the country's population has reached the stage of explosion."

1/ S. M. Essang, "Pattern of Labor Absorption in Southern Nigerian Plantations," The Economic Bulletin of Ghana, Vol. 4, No. 2, Second Series, 1974.

2/ Thomas D. Babatunde, Capital Accumulation and Technology Transfer: A Comparative Analysis of Nigerian Manufacturing Industries (New York: Praeger Publishers, 1975).

3/ T. M. Yesefu, "Employment, Manpower and Economic Development in Nigeria: Some Issues of Moment," Nigerian Journal of Economics and Social Studies, Vol. 16, March 1974.

The "Indigenization" Program

The Indigenization Decree, effective April 1, 1974, has had an important economic impact on the Nigerian economy. Thus, a brief review of this decree seems warranted.

The Nigerian Enterprises Promotion Decree of February 1972 established the Nigerian National Enterprises Promotion Board[1/] in Lagos and a Nigerian Enterprises Promotion Committee in each of the 12 states of the Federation (the state arms of the National Enterprises Promotion Board). The decree contains two schedules. Schedule I is a list of enterprises which are banned to non-Nigerians. The objective was to have Nigerian ownership and control of private sector enterprises where capable Nigerian management exists. Schedule II lists enterprises where complete Nigerian control was deemed impractical because Nigerians with the appropriate training and skills could not be found. In such cases, a minimum Nigerian interest of 40% was stipulated. Compliance with the decree was required by March 1974. The transfer of enterprises (wholly or in part) to Nigerians was via ordinary selling and buying, except that the state-level committees became involved in establishing the valuation of the business ownership rights being transferred. Needless to say, these valuations favored the prospective purchaser; however, apart from the equity issue, these refinancing needs placed a strain on the Nigerian financial institutions which was met largely by the creation of the Nigerian Bank for Commerce and Industry (NBCI).

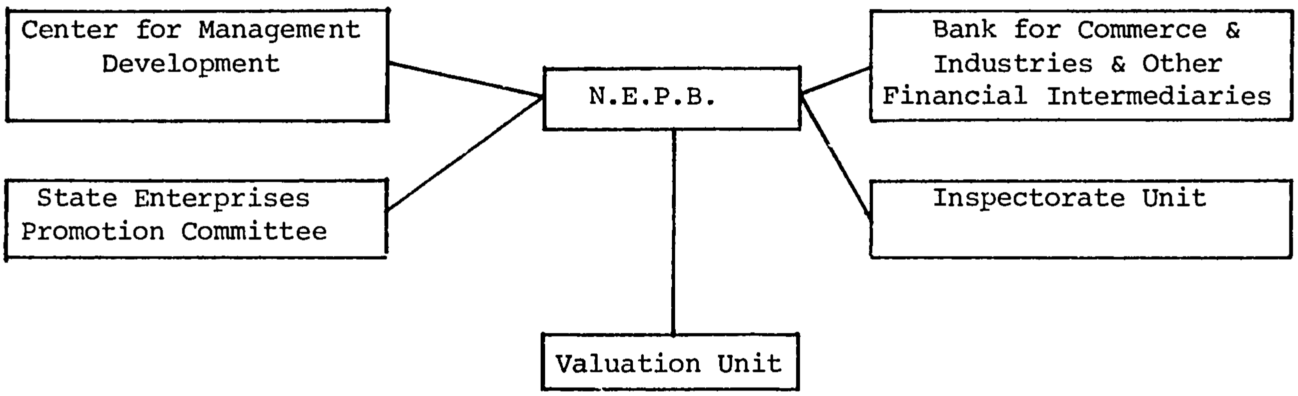
The Nigerian Enterprises Promotion Board (NEPB) commissioned a reconstituted Council for Management Education and Training to develop suitable training programs for Nigerian businessmen on how to acquire and manage businesses. This effort was centered at the Lagos Continuing Education Center. A schematic diagram on how the NEPB interacts with the NBCI and other governmental units is shown in Figure 1.

The success of such practically oriented business programs should be a material aid in promoting smaller-scale industry.

[1/] Responsible to the FMG and composed of representatives from: (a) the Federal Ministries of Finance, Industries, Trade, Economic Development and Internal Affairs; (b) the NIDB, the Western Nigerian Industrial Investment and Credit Corporation, and the Western State Agricultural Investment Corporation.

Figure 1

ORGANIZATION OF THE INDIGENIZATION EFFORT



Source: Nigerian Enterprises Promotion Board, Buying and Selling under the Nigerian Enterprises Promotion Decree, 1972 (Lagos, December 1973).

The growth in Nigerian control of business activities is not without its own peculiar problems. The Military Governor of the Mid-Western State of Nigeria, in a recent speech, "deplored the amount of corruption that passes in the name of 'business',"[1] while other Nigerians report the almost total absence of business ethics. This latter shortcoming can only retard development by deflecting creative effort. The reported reluctance of Nigerians to combine in partnerships of limited liability companies because of mutual distrust is one manifestation of the present low level of business ethics.

Marketing Boards

The marketing boards are an important element of Nigeria's economic structure in that they simultaneously provide governmental revenue and determine agricultural producer prices.[2] The major export crops are all under

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[1] University of Nigeria, Economic Development Institute, Proceedings of a Symposium on Financial Institutions and the Business Community, Enugu, December 1973, p. 90.

[2] Niger and Chad are other African examples where marketing boards have been established. (The first marketing schemes backed by statutory powers of compulsion were introduced in 1927 in Canada and Australia after co-ops failed to stabilize producer prices.)

marketing board control, and the underpricing of these crops at the producer level has probably acted to retard agricultural output growth. The usual justification for marketing boards is that they prevent exploitation of small agricultural producers by large foreign buyers. Marketing boards also have the responsibility for stabilizing producer prices. This latter function typically receives the most emphasis by proponents of the marketing board system. As J. C. Abbott[1/] states: ". . . there is at present no realistic alternative to a central system for handling export crops; the transfer of this responsibility either to private companies or cooperatives is inconceivable. . . . [In] the future, [however] it seems appropriate to put more emphasis on the benefits of high producer prices and less on the benefit of long term stability." He does admit ". . . the relationship between marketing boards and government remains . . . a central and intractable problem . . . ."

Damachi and Seibel,[2/] in contrast, suggest that the Nigerian agricultural cooperatives, which freely emerged over time, have been rendered ineffective by complicated new laws ". . . that cannot be mastered by farmers and craftsmen and thus perpetuate the compulsion for supervision created by the government itself. It dooms enterprise and experiment."

As Helleiner[3/] points out, marketing boards have performed:

(1) A fiscal role, by raising revenue.

(2) The promotion of income stability in major sectors of the economy.

(3) The investment of substantial funds, mainly on development projects, even in areas not relating to this main function.

(4) The formulation and carrying out of agricultural policy.

Virtually all observers, though, agree that the fiscal and normal functions should be separated.

[1/] J. C. Abbott, "The Efficiency of Marketing Board Operations," Papers of an International Conference on the Marketing Board System, Ibadan, March 29-April 3, 1971.

[2/] Ukandi G. Damachi and Hans Dieter Seibel, eds., Social Change and Economic Development in Nigeria (New York: Praeger Publishers, 1973.)

[3/] G. K. Helleiner, "The Marketing Board System and Alternative Arrangement for Commodity Marketing in Nigeria," Papers of an International Conference on the Marketing Board System.

To see how the fiscal and agricultural policy functions can conflict, consider the data in Table 5.

Table 5

WESTERN NIGERIA MARKETING BOARD
COCOA OPERATIONS, 1964/65-1968/69

Year	(1) Average Price Obtained by NPMC[a]	(2) Producer Price	(3) Marketing Costs[b]	(4) Producer Price As % of (1)	(5) Marketing Costs As % of (1)
1964/65	132	120	21	90.9	15.9
1965/66	115	65	22	56.5	19.1
1966/67	192	90	20	46.8	10.4
1967/68	206	95	25	46.1	11.2
1968/69	245	100	22	40.8	9.0

a/ Nigerian Produce Marketing Company, Ltd., a statutory marketing organization acting at the federal level.

b/ Sum of:
1. Buying allowance
2. Transport to Ikeja and Apapa
3. Jute bags
4. Finance charges
5. N.P.M.C. agency charges
6. Produce insurance
7. Deterioration
8. Fumigation charges
9. Inferior quality allowance
10. Shipping and handling
11. W.N.M.B. administrative expenses

Source: M. A. Akintomide, "A Comparative Analysis of the Marketing Board System and Other Arrangements for Commodity Marketing," Papers of an International Conference on the Marketing Board System.

It seems very clear that the extremely low producer prices reached by 1968/69 could only depress agricultural development. Reducing the growth of agricultural output in Nigeria does not appear an appropriate developmental strategy.

A more detailed review of the structure and functions of Nigerian's marketing boards may be found in Appendix B. Detailed data on the marketing boards operating in Nigeria has been compiled by E. B. Obayan,[1/] and they are summarized in Appendix Tables B-1 through B-5.

National Income and Its Distribution

The gross domestic product (GDP) of Nigeria for selected years since 1960 is shown in Table 6.

Table 6

NIGERIAN GROSS DOMESTIC PRODUCT
IN 1970 PRICES
(millions of dollars)

Year	GDP	Private Consumption	Gov't Consump- tion	Fixed Capital Formation	Exports of Goods and Services	Imports of Goods and Services
1960	4,400.4	3,811.9	257.8	581.2	637.8	888.3
1965	5,642.1	4,573.6	372.6	808.5	968.7	1,081.3
1968	6,126.6	4,997.6	474.3	795.6	1,014.6	1,155.5
1969	6,324.7	4,967.8	643.4	751.2	1,106.1	1,143.8
1970	8,059.2	6,154.8	605.1	1,275.8	1,335.4	1,311.9
1971	9,054.5	6,679.7	715.0	1,535.8	1,868.9	1,744.9
1972	9,420.8	6,525.7	815.2	1,765.7	1,943.4	1,629.2
1973	10,086.9	6,693.2	745.6	1,911.4	2,524.4	1,788.7

Source: U.N. Economic Commission for Africa, Statistical and Economic Information Bulletin for Africa, No. 6, August 1975.

The recent growth rate of GDP in Nigeria was 12.5% in 1970/71, 8.6% in 1971/72, 7.3% in 1972/73, and 12.2% in 1973/74. The slowing in GDP growth which began to show in 1970/71 and 1971/72 has been turned around by the surge in oil income.

One glaring problem in Nigerian economic development has been the poor performance of the agricultural sector in recent years. The major constraints have been inadequate farm credits (governmental action here has been the

[1/] E. B. Obayan, "The Future Role of Marketing Boards in Nigeria's Economic Development," Papers of an International Conference on the Marketing Board System.

recent creation of the Nigerian Agricultural Bank), marketing problems, poor feeder roads, and inadequate price incentives for farm producers. (See the previous section on marketing boards.)

In the Third Development Plan, 1975-80, an estimated ₦1.4 billion is allocated to agricultural investment, some six times the amount in the Second Plan, 1970-74.

Per capita income in Nigeria has grown steadily over the period 1960-73. Selected year values (in 1970 prices) were $79 in 1960, $97 in 1965, $146 in 1970, $205 in 1972, and $235 in 1973.[1/]

Given the extreme skewness of income distribution in Nigeria, these averages have little meaning. In general, it is believed that the rich are getting richer and the poor are getting poorer.[2/] While income data are very sketchy, some examples of this are available.

The urban/rural average income per capita ratio in 1960 was 1.8/1. This worsened to 2/1 by 1967.

Income tax data showed 95% of the taxpayers in 1967 had incomes below Ƚ200 and accounted for 70% of gross income. Income above Ƚ900 a year constituted 1% of wage earners, but 10% of gross income. Illiterate heads of households in 1967 averaged Ƚ130, while university graduates averaged Ƚ1,500.

Regionally, per capita income in the northern region was about one-sixth that of Lagos.

Taxation in the past has not served to equalize incomes. Marketing board surpluses plus export duties and produce purchases tax summed to about 22-23% of producers' income during the 1947-62 period. During this time, the average urban tax burden was less than 10%.

Clearly, there is a serious income equity problem in Nigeria.

[1/] Ibrahim Agboola Gambari, "Nigeria and the World: A Growing Internal Stability, Wealth and External Influence."

[2/] Adedotum O. Phillips, Review of Income Distribution Data: Ghana, Kenya, Tanzania and Nigeria, Discussion Paper No. 58, Princeton/Brookings Income Distribution Project, Princeton University, April 1975.

FINANCING ECONOMIC DEVELOPMENT IN NIGERIA

Capital Formation Background

Perhaps the single most important obstacle to rapid economic growth in underdeveloped countries is a lack of capital.[1/], [2/] In Nigeria, not only is lack of capital a problem, but it is acutely compounded by a lack of "know-how." Part of the latter problem stems from the traditional emphasis on a literary education with a general neglect of technical and administrative science. The resulting difficulty is well put by O'Connell, who states, ". . . modern administration is too complicated for [the] splendid amateurism of the older British tradition."[3/] The human capital resource problem, however, is a subsidiary issue here. The primary focus of this section will be capital formation, its magnitude, sources, and uses.

Capital formation occurs in both in the private and public sectors. (In the U.S. government, capital expenditures are treated as current expenditures, a perhaps unique accounting procedure.) In the case of private capital

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[1/] Sayre P. Schatz, "The Capital Shortage Illusion: Government Lending in Nigeria," Oxford Economic Papers, 1965, No. 2, argues that capital shortage is not the immediate problem in Nigeria, but rather, it is a lack of viable projects. As evidence of this, he cites the experience of the Nigerial Federal Loan Board from its establishment in 1956 to December 1962. Loans were made only to indigenous entrepreneurs with operating businesses. Agriculture and trade were excluded from its lending program. The result was a 19% final acceptance rate for all loan applications, resulting in 44 loans totaling £400,000. Of these, 10 were successful, 11 unsuccessful, 7 questionable, and 16 too new for any assessment.

[2/] Malcolm Harper, "The Employment of Finance in Small Business," The Journal of Development Studies, July 1975, pp. 366-375, acknowledges that lack of finance is the major constraint expressed by businessmen, but argues that management advice is often as important as additional capital. Using an example of small shopkeepers in Kenya, he clearly shows that poor inventory control is the cause of their apparent "capital shortage." Eugene Staley and Richard Morse, Modern Small Industry in Developing Countries (New York: McGraw-Hill), report an Indian case study (Moradabad) which found that a majority of respondents in the industries surveyed categorically denied the need for any training assistance. All claimed capital assistance as their most pressing need, followed by help in obtaining machinery and equipment. Considerable idle capacity was observed resulting from a lack of working capital.

[3/] C. C. Onyemelukwe, Problems of Industrial Planning and Management in Nigeria (New York: Columbia University Press, 1966), p. 24.

formation, private and business savings are the principal source of funds. Public funds are also available to finance private capital formation, particularly in the case of high-priority basic economic activities (and small-scale industry development, in many instances). Direct foreign investment in the private sector also occurs, but generally, foreign funds are channeled through an appropriate governmental agency which provides additional protection to the investors.

Public capital formation may come from: (1) taxation, (2) current surplus of government enterprise, (3) public borrowing, (4) money creation by the central bank, i.e., inflation finance,[1/] or (5) foreign investments and loans, as well as funds from organizations such as the World Bank.

Finally, there are institutions that tap both private and public sources of funds and use them for private and public projects. To illustrate this with perhaps an extreme example, there is the Private Development Corporation of the Philippines (PDCP), founded with private domestic and foreign funds, using borrowings from the World Bank (with Philippine government involvement), as well as other borrowings, and financing private capital formation (subject to governmental priorities for the most part).

In Nigeria, information on the relative importance of funds sources and uses by type of financial intermediary is fragmentary or unavailable. Generally, any description of economic trends in Nigeria is ". . . hampered by the lack of sufficiently comprehensive statistical series."[2/] Further, there are some inconsistencies in the available information that suggest it must be used very carefully.

As a consequence, only rather general statements may be made about financing magnitudes. On the funds supply side, it is known that with the exception of 1971, the private savings rate in Nigeria has been rather low.

[1/] Inflation in Nigeria is alleged to be for the most part ". . . due to [counterfeiters] . . . [with] . . . collaboration of . . . [persons] in our banks." The situation is so desperate that the Federal Military Government decreed the death penalty for offenders. (See University of Nigeria, <u>Proceedings of a Symposium on Financial Institutions and the Business Community</u>, Enugu, December 17, 1973, p. 88.)

[2/] The International Monetary Fund, <u>Surveys of African Economies</u>, Vol. 6 (Washington, 1975).

One of the reasons offered for this is a life expectancy that is low coupled with a high dependency rate.[1/] (See the section on population and human resources.) Another problem affecting the level of saving and investment is a general distrust of banks and financial institutions which was aggravated during the period 1952-54 by a rash of bank failures.[2/] This caused considerable hardship for many savers and has probably increased the hoarding of wealth. Thus, the establishment and growth of financial intermediaries in Nigeria has not been surrounded by auspicious circumstances. From a theoretical standpoint, the growth of financial intermediaries provides the "spread mechanism" necessary to integrate a dual economy.[3/]

Of course, the Nigerian government has been very conscious of the need for an adequate financial base to support economic development. To this end, they established the Central Bank and the Nigerian Industrial Development Bank when Nigeria became independent. The military government added the Nigerian Enterprises Promotion Board, the Agricultural Credit Bank, and the Bank of Commerce and Industry. The state governments also have been active in creating financial institutions, i.e., banks, insurance companies, investment companies, etc.

Again, while funds sources vary in available detail, there is typically better information on funds uses. In the next section, the sources and uses of funds by major institutions will be shown, to define the extent of

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[1/] C. C. Onyemelukwe, Problems of Industrial Planning and Management in Nigeria.

[2/] From the start of Nigerian-owned banks in 1958 to 1968, 28 banks were established; however, only five survived. (See C. V. Brown and O. Teriba, "Nigerian Indigenous Banks," Bankers Magazine, August 1969.)

[3/] All financial intermediaries acquire primary assets and pay for them by issuing their own liabilities. To mobilize the surplus of the non-market sector, they need to create a financial asset alternative to real wealth holding which is acceptable to that sector.

financial intermediation in the Nigerian economy as well as provide some overview of the structural relationships between these institutions.[1/]

Major Sources of Finance

The Nigerian Industrial Development Bank (NIDB). The sources and uses of funds by the NIBD are shown in Table 7.

As may be seen, the NIDB is a prime source of longer-term capital. Equities constitute some 13% of its total assets, with loans and debentures accounting for another 56%. Virtually all of the equities and debentures held are non-market issues, i.e., are not traded on an organized stock exchange at present. The objective of the NIDB is to provide longer-term funds to the private sector and since July 1, 1970, to government-sponsored projects as well, provided they are operated as independent enterprises on a commercial basis. It does not invest in social infrastructure projects (hospitals, schools, roads, etc.), nor finance, trading, service, or cottage industries. The bank deals only with corporations, with manufacturing, mining, and agro-allied industries being the focus of its lending and investing activities.[2/] The NIDB does not accept demand or time deposits, and its principal source of funds is the Federal Military Government (FMG).[3/]

[1/] In Nigeria, mobilizing the resources of small savers to foster private capital formation has been very difficult. Most Nigerians are poorly educated or illiterate and commonly equate saving with hoarding, although private savings have been rising in recent years. (See Table 13.) Government attempts at a national savings campaign began in 1962 with the issuance of National Savings Certificates. These savings certificates and small denomination savings stamps have been on sale in post offices and commercial banks. Despite active promotion and advertising, and attempts to get voluntary payroll savings deductions by civil servants, the results were termed "disappointing" in 1963 by the Minister of Finance. (See C. C. Onyemelukwe, Problems of Industrial Planning and Management in Nigeria.)

[2/] Tourism, which includes international standard hotels, is also financed by the NIDB.

[3/] Nigeria became independent October 1, 1960, as a federation of regions. Exactly three years later, it proclaimed itself the Federal Republic of Nigeria and promulgated a new constitution. In January 1966, the government was overthrown. This was followed by another coup in July 1966, which established the Federal Military Government.

Table 7

COMPARATIVE BALANCE SHEET, 1973 VS. 1974
NIGERIAN INDUSTRIAL DEVELOPMENT BANK

Liabilities	December 31, 1974		December 31, 1973	
Capital		₦ 4,500,000		₦ 4,500,000
1,020,000 "A" ordinary of ₦2 each (limited to Nigerian and international organizations)	₦ 2,040,000		₦ 2,040,000	
980,000 "B" ordinary of ₦2 each (available to any interested investors)	1,960,000		1,960,000	
250,000 5-1/2% cum. pfd. of ₦2 each	500,000		500,000	
Capital Reserve		65,806		65,806
Revenue Reserve		1,615,407		1,828,173
		₦ 6,181,213		₦ 6,393,979
Future Taxation		37,992		62,485
Long-Term Loans		27,958,299		19,518,676
Federal Republic of Nigeria	21,133,342		13,266,674	
International Bank for Reconstruction & Dev.	5,662,059		6,252,002	
United Bank in Africa	1,162,898		-	
Current Liabilities		1,222,012		1,175,316
Total Liabilities		₦35,399,516		₦27,150,456
Assets				
Fixed Assets (depreciated)		₦ 2,083,668		₦ 764,587
Interest in Subsidiaries (at cost)		1,114,070		1,011,859
Investments		24,719,466		19,298,748
Shares (unquoted at cost less provision for losses)	4,445,017		3,202,257	
Shares (quoted at cost)	260,000		100,000	
Loans & debentures (unquoted at cost less provision for losses)	19,305,249		15,287,291	
Debentures (quoted at cost)	569,200		569,200	
Short-term investments (unquoted at cost)	140,000		140,000	
Current Assets		7,482,312		6,048,174
Preliminary & Reconstruction Expenses		-		27,088
Total Assets		₦35,399,516		₦27,150,456

The exclusion of proprietorships and partnerships from its financing activities must severely limit any small business assistance. The minimum size commitment of ₦20,000 (approx. US$30,000), coupled with the provision that overall NIDB participation (equity plus loans) cannot exceed 50% of the total assets of the client company, further assures that only rather substantial firms are assisted. To gain some understanding of the relative size of these financial magnitudes in Nigeria, it should be noted that the average annual wage in manufacturing was barely over ₦300 in 1971. (See Table 19.) Capital investment per worker by industry at that time ranged from ₦6 to ₦1,212; however, 23 of the 24 industry classifications gave a narrower range of ₦6 to ₦387. A simple, unweighted average is ₦141 investment per worker. Thus, a ₦40,000 capitalization would translate into a plant size of between 103 and 6,700 employees (in the one extreme case, a 33-employee size). Thus, the NIDB is not an important source for long-term funds for small-scale industry (even using "under 100 employees" as the definition of small-scale industry rather than the "under 10 employees" used by government agencies), but it remains the most important source of longer-term funds in the Nigerian economy.

Perhaps the reluctance of the NIDB to finance small and cottage industry stems from its poor loan experience even in the larger and presumably more stable companies. The NIDB experiences with indigenous companies have shown ". . . bad management and poor response to their debt servicing obligations. Inept administrative and technical management plague[s] . . . some [and] . . . financial difficulties are rampant . . . [because] promoters cannot raise sufficient working capital. Many have . . . [no] . . . accounting system or record keeping. Our reporting requirements have . . . [been] . . . ignored."[1/] One can only guess what levels of internal controls are present in small proprietorships, given the glaring shortcomings found in many larger incorporated businesses.

A major difficulty of new client companies of the NIDB during 1974 was getting initial working capital from the commercial banks.[2/] This, of course,

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[1/]University of Nigeria, Economic Development Institute, Proceedings of a Symposium on Financial Institutions and the Business Community, Enugu, December 17, 1973.

[2/]NIDB, Annual Report, 1974.

resulted in loan repayment problems for the NIDB. In addition, there were borrower loan defaults caused by unsound financial management, diversion of funds to too many new activities, overextension through lack or self discipline, and lax payment habits. Unless these problems are dealt with effectively by the NIDB, Nigerian industrial development will be retarded by wasted financial resources.

Finally, the NIDB is probably much too small in the function it has.

The Nigerian Bank for Commerce and Industry (NBCI). The NBCI was established by the FMG on October 4, 1973 (Decree No. 22). The function of the NBCI is to provide equity capital and loan funds to indigenous persons, institutions, and organizations for medium and long-term investments in industry and commerce. It also performs merchant banking and other commercial business services.

The central thrust of its operations, however, is to aid implementation of the Indigenization Decree. In its lending operations, the NBCI will not normally lend less than ₦20,000 or engage in:

(1) The real estate business.
(2) Bulk advances to any entity, including state governments. Loans are for specific viable projects only.
(3) Infrastructure projects, such as roads, hospital, schools.
(4) Mining businesses.

Under Schedule I of the Nigerian Enterprises Promotion Decree (also known as the Indigenization Decree), which lists business enterprises reserved exclusively for Nigerians, the bank is interested in granting the required financial assistance to permit takeovers by indigenous limited liability companies. Proprietorships or partnerships may be considered, however.

The basic criteria used by the bank in granting loans for this purpose are quite orthodox:

(1) Competence of new owners
(2) Proven creditworthiness
(3) Reasonable financial commitment of new owners (30% minimum)
(4) Satisfactory repayment prospects
(5) Appropriate security

Under Schedule II of the Nigerian Enterprises Promotion Decree, Nigerian participation in all other businesses (not listed in Schedule I) must be at least 40%. These Schedule II enterprises typically are larger businesses requiring managerial and technical skills beyond the limits of available Nigerian human resources. In the long run, the expectations are that expatriates also will be forced out of these enterprises as well, making for complete Nigerian control.

So far, compliance with Schedule II has been easy, but increasing difficulty may be in prospect for expatriates.[1/]

To facilitate Nigerian participation in these Schedule II companies, the NBCI will underwrite share offerings and buy those not taken by the Nigerian public. In the case of expansions or new businesses, loans are primarily directed to fixed asset acquisition (it will finance up to 70%). Terms are typically 12-15 years, but other terms are considered, as well as a moratorium or grace period. Security requirements for loans are: first mortgages, bank guarantees, or government or marketable securities.

The capitalization of the NBCI was ₦50 million (500,000 shares at ₦100 par value), of which ₦10 million has been paid in. The Government of the Federation of Nigeria holds 60% of the shares, with the remaining 40% being held by the Central Bank. A proportion of the holdings of the Central Bank (up to one-half) is available to approved insurance companies, licensed banks, and other financial intermediaries (FIs).

In addition to its equity capital, the NBCI has access to loans from the federal government, the Central Bank, and other approved FIs.

The Private Commercial Banks. There are eight indigenous commercial banks in Nigeria, plus government-owned and foreign banks, in which the Nigerian government has taken an equity position. The total number of commercial banks in Nigeria at the end of 1974 was 17. Counting both bank branches and offices, the number of bank locations throughout Nigeria totaled 403.

Banking system credit to the Nigerian economy in 1973-74 is shown in Table 8.

[1/] Gaston V. Rimlinger, Indigenisation of Industry and Progress of the Second Nigerian National Development Plan, Rice University, Program of Development Studies, Paper No. 27.

Table 8

BANKING SYSTEM CREDIT TO THE ECONOMY, 1973-74
(million naira)

End of Month	Aggregate Credit to Economy	Credit to Private Sector	Credit to Government Sector	Central Bank Credit[1]	Commercial Bank Credit[1]
1973					
January	1,294.6	758.7	535.9	304.5	985.7
February	1,305.7	763.5	542.2	277.4	1,023.9
March	1,251.1	733.7	517.4	221.2	1,025.6
April	1,227.6	729.4	498.2	173.5	1,049.7
May	1,233.1	718.1	515.0	143.1	1,085.6
June	1,284.4	724.3	560.1	160.1	1,119.7
July	1,346.5	725.6	620.9	191.3	1,150.6
August	1,400.2	716.2	684.0	216.2	1,179.4
September	1,366.4	711.8	654.6	224.3	1,137.5
October	1,353.5	762.0	591.5	255.2	1,093.7
November	1,363.3	809.5	553.8	303.3	1,055.4
December	1,342.5	845.4	497.1	223.8	1,114.1
Mo. Av.	1,314.1	749.9	564.2	224.5	1,085.1
1974					
January	1,326.6	876.7	449.9	155.7	1,166.3
February	1,194.1	856.6	337.5	- 2.7	1,192.3
March	1,041.6	862.1	179.5	- 186.7	1,223.8
April	921.0	875.9	45.1	- 342.9	1,259.3
May	738.6	851.2	- 112.6	- 630.2	1,364.2
June	679.6	821.1	- 141.5	- 779.2	1,454.2
July	499.8	872.2	- 372.4	- 883.4	1,378.5
August	204.5	884.6	- 680.1	-1,203.0	1,402.8
September	- 151.7	881.2	-1,032.9	-1,566.3	1,409.9
October	- 342.9	934.1	-1,277.1	-1,861.8	1,514.4
November	- 326.1	1,003.5	-1,329.6	-1,859.6	1,528.8
December	- 389.9	1,070.2	-1,460.1	-1,965.3	1,570.7
Mo. Av.	449.6	899.1	- 449.5	- 927.1	1,372.1

[1] These two components will not add up to the aggregate, which includes deposits with the Federal Savings Bank.

Source: Central Bank of Nigeria, Annual Report and Statement of Accounts, 1974 (Lagos: Academy Press Ltd., no date).

The large negative credit to the government sector shown in Table 8 reflects the rapid increase in governmental deposits (primarily from oil revenues) with the banking system. As may be seen, those deposits were ₦1,460 million larger than banking system credit to the government. Moreover, most of the government deposit increase did not find its way into credits elsewhere by the banking system. The commercial banks increased their liquidity dramatically, but most of these deposits found their way into bank investments.

The sharp rise in the cash ratio of commercial banks is due to the abolition of the Call Money Scheme[1/] at the end of June 1974, coupled with a shortage of short-term debt instruments.[2/] Another factor affecting bank portfolio behavior was the prescribed percentage distribution by loan purpose. Table 9 shows total loans as well as this constraint.

It seems clear from Table 9 that the commercial banks are having difficulty in adhering to the allocation targets set by the monetary authorities. These constraints were undoubtedly troublesome for the banks, particularly in the face of a rapid increase in deposits.

The total volume of bank credits by category at the end of May 1975 is given in Table 10.

As may be seen in Table 10, production and other loans are above the prescribed ratios, while services and general commerce are below. Any further expansion of loans to industry by the commercial banks could be subject to governmental sanctions. This is clearly an undesirable situation for an industrial development program.

ICON, Ltd. (ICON). This financial institution is a newly formed commercial bank which is effectively controlled by the federal government. It is the successor to ICON Securities, Ltd., a former subsidiary of the NIDB.

The capitalization of this bank is now ₦1.5 million, with the NIDB holding 45% of the common shares. Morgan Guaranty Trust Co. (New York) has 25%,

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[1/] The Call Money Scheme was created by the Central Bank in July 1962. This allowed FIs to keep surplus cash invested with the Central Bank. The Central Bank, in turn, invested in Treasury bills. With the volume of bills stable and bank liquidity increasing, the Central Bank could no longer productively absorb these idle balances of the commercial banks.

[2/] Not only did the federal government not need to employ deficit finance during 1974, it actually lent $240 million at 8% to the World Bank.

Table 9

COMMERCIAL BANK LOANS AND ADVANCES CLASSIFIED BY PURPOSE
(percent)

Category of Borrower	Pre-scribed Percent. Distrib.	Average April-Dec. 1973	1974 April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average April-Dec. 1974	Average Deviation from Target
A. Productive Sectors													
Production	45.0	38.3	42.6	43.7	44.6	44.0	44.7	43.7	43.4	42.3	43.6	43.6	-1.4
Agriculture	4.0	3.1	3.2	3.2	3.1	3.1	3.3	3.1	3.1	2.9	3.3	3.1	-0.9
Mining	4.0	1.6	1.3	1.4	1.3	1.3	0.9	1.1	1.3	1.4	1.3	1.2	-2.8
Manufacturing	30.0	24.0	27.2	28.0	28.9	28.9	29.1	28.7	28.4	27.5	28.4	28.4	-1.6
Real Estate & Construc.	7.0	9.6	10.9	11.1	11.3	10.7	11.4	10.8	10.6	10.5	10.6	10.9	+3.9
Services	11.0	8.1	7.3	7.1	6.7	7.3	7.6	7.8	7.7	7.8	7.7	7.5	-3.5
Public Utilities	3.0	0.4	0.9	0.9	0.9	0.7	0.7	0.7	0.6	0.8	0.6	0.8	-2.2
Transportation & Comm.	8.0	7.7	6.4	6.2	5.8	6.6	6.9	7.1	7.1	7.0	7.1	6.7	-1.3
Total A	56.0	46.4	49.9	50.8	51.3	51.3	52.3	51.5	51.1	50.1	51.3	51.1	-4.9
B. Less-Productive Sectors													
General Commerce	32.0	34.4	30.7	29.7	30.1	29.6	29.3	28.9	30.5	30.8	30.3	30.0	-2.0
Exports	10.0	10.1	7.6	7.5	7.6	8.1	7.2	7.5	9.2	9.8	9.2	8.2	-1.8
Imports	10.0	9.4	9.5	8.7	8.8	7.7	8.2	8.1	8.3	8.4	8.3	8.5	-1.5
Domestic Trade	10.0	13.4	12.0	11.6	11.5	11.3	11.6	11.2	11.1	10.8	11.1	11.4	-1.4
Bills Discounted	2.0	1.5	1.6	1.9	2.2	2.5	2.3	2.1	1.9	1.8	1.7	1.9	-0.1
Others	12.0	19.2	19.4	19.5	18.6	19.1	18.4	19.6	18.4	19.1	18.4	18.9	+6.9
Credit and Financial Institutions	1.0	1.6	2.4	2.3	1.9	2.3	1.3	2.3	1.5	1.8	1.5	1.9	+0.9
Government	2.0	2.1	2.0	2.1	1.9	2.2	2.3	2.5	2.6	3.3	2.6	2.3	+0.4
Personal and Professional	6.0	7.6	6.3	6.4	6.4	6.4	6.6	6.8	6.6	6.4	6.6	6.5	+0.5
Miscellaneous	3.0	7.9	8.7	8.7	8.4	8.2	8.2	8.0	7.7	7.6	7.7	8.1	+5.1
Total B	44.0	53.6	50.1	49.2	48.7	48.7	47.7	48.5	48.9	49.9	48.7	48.9	+4.9
Grand Total (A+B)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Source: Central Bank of Nigeria, Annual Report and Statement of Accounts, 1974.

Table 10

THE VOLUME OF BANK CREDIT BY CATEGORY, MAY 1975*

Category of Borrower (Sector)	Volume of Bank Credit Million Naira	Percent
Production	540.2	47
Services	90.5	8
General Commerce	345.3	30
Others	173.1	15
Total	1,149.1	100

*Excluding credits to government.

Source: Standard Chartered Bank, Ltd., Standard Chartered Review (London, November 1975).

Baring Brothers & Co., Ltd. (London) 15%, and the remaining 15% interest is held by the National Insurance Company of Nigeria. In addition to full merchant banking services to local and overseas companies, ICON also offers stockbroking services through ICON Stockbrokers, Ltd., a wholly owned subsidiary.

It appears that the federal government has decided to strengthen the commercial banking structure by having foreign banks (with equity holdings by the Nigerian government) provide the needed leadership for this business.[1/] Certainly, wholesale banking, equipment leasing, debt factoring, and the other very specialized banking services required in a modern economy cannot be readily provided in a satisfactory manner by the relatively small indigenous Nigerian banks. Furthermore, the operating record of these indigenous banks, to date, has been less than confidence inspiring.

[1/] The other foreign banks are Barclay Bank of Nigeria, Ltd., Standard Bank of Nigeria, Ltd., and United Bank for Africa. These three banks combined have about 70% of the banking business (and each has about a 40% equity participation by the Nigerian government). Two new foreign banks have just begun operations in Nigeria, the First National Bank in Chicago (Nigeria), Ltd. and the First National City Bank of New York (Nigeria), Ltd. Very recently, and to the surprise of the foreign bankers, the Nigerian government has initiated a move to take a majority interest in all foreign banks. The effect on the management policies of these banks remains to be seen, but it seems reasonable to expect a diminution of t ir operating effectiveness.

State Government Banks and Development Finance Institutions. No data available.

Non-Bank Financial Intermediaries. No data available.

The Lagos Stock Exchange. The Lagos Stock Exchange had its peak activity in 1974, as a result of the Indigenization Decree which took effect April 1 of that year. Trading volume is shown in Table 11.

Table 11

LAGOS STOCK EXCHANGE TRANSACTIONS

Months	No. of Transactions in Government Sales		No. of Transactions in Company Shares	
	1974	1975	1974	1975
January	17	1	45	70
February	25	13	63	15
March	34	13	1,147	10
April	28	6	49	23
May	26	19	58	70
June	14	18	69	29
Total	144	70	1,431	217

Source: Standard Chartered Bank, Ltd., Standard Chartered Review, November 1975.

The movement of share prices is given by Table 12.

From Table 12, it seems clear that the Lagos Stock Exchange is not very important as a source of equity capital. Moreover, its continued operation appears to be heavily dependent upon the NIDB, which has a vital interest in its viability.

Aggregate Savings and Investments. Estimates of the private sector savings rate in Nigeria, based upon national income accounts data, are given in Table 13.

Revised projections of the national accounts in the Second Development Plan are shown in Table 14.

Table 12

SHARE PRICE INDEX

1974	
November	98.6
December	103.3
1975	
January	97.5
February	94.1
March	96.3
April	95.3
May	92.5
June	99.9

Source: Standard Chartered Bank, Ltd., Standard Chartered Review, November 1975.

Table 13

SAVINGS AND INVESTMENT RATIOS AS A PERCENT OF GNP, NIGERIA, 1958-71 (in current prices)

	1958/59 1960/61	1961/62 1963/64	1964/65 1966/67	1967/68 1969/70[a]	1970/71[b]
Gross Fixed Investments	11	12	15	15	19
Financed through National Savings	6	8	9	8	10
Governments Recurrent Surplus	2	1	1	-3	-2
Private	4	7	8	11	12
External Finance[c]	5	4	6	7	9
Direct Private Investments	2	2	4	4	7
Drawings on Reserves	2	2	-	1	-

[a] Excluding the eastern states.

[b] Provisional estimates.

[c] Including depreciation and unremitted profits of foreign firms in Nigeria.

Source: International Bank for Reconstruction and Development, Nigeria: Options for Long-Term Development (Baltimore: The Johns Hopkins University Press, 1974), p. 15.

Table 14

REVISED NATIONAL ACCOUNT PROJECTIONS
1970/71-1973/74
(millions of pounds)

	1970/71	1971/72	1972/73	1973/74
Gross Domestic Product (GDP)	1,930.2	2,115.2	2,298.5	2,526.0
Gross Savings	257.4	310.9	306.9	272.3
Gross Savings as Percent of GDP	14.4	16.1	14.7	11.8

Source: Rattan J. Bhatia and Peter Engstrom, "Nigeria's Second National Development Plan: A Financial Analysis," IMF Staff Papers, Vol. 19, 1972, pp. 145-73.

The plan estimates in 1970/71 and 1971/72 were actually exceeded because of oil industry revenues.

The importance of the savings rate (in conjunction with population growth rate) is given by the following simple arithmetic example.[1/] Suppose the incremental capital to output ratio in Nigeria is 3 (three additional units of capital are needed to produce one unit of output). If production of two additional units of output creates one job, then the capital to employment ratio is 6 (3x2). Thus, if the industry sector invests 6% of its income, there will be a 1% increase in employment. If the urban labor force is increasing at 3% per year (industry's labor supply), the investment of the industry sector needs to be 18% of income, just to keep the proportion of urban workers in industry from dropping.

Some experts believe a 2.5% rate of increase in the labor force cannot be productively absorbed by the Nigerian economy. The actual growth rate (see Section 1) is more rapid than that.

[1/] Committee on Education and Resource Development: Nigeria Project Task Force, Nigerian Human Resource Development and Utilization, a report prepared for USAID (New York: Education and World Affairs, December 1967), pp. 27-28.

More recent information on savings is given by the volume of institutional savings (Table 15), and while this is not an alternative measure to that shown in Table 14, it does reveal the dominance of the banks in mobilizing private sector savings.

The only other institutional savings of consequence is the National Provident Fund, which was established in 1961.

All public and private employers with 10 or more employees are in the fund.[1/] Equal contributions by employee and employer are made into this fund, and with the compulsory nature of this scheme, a substantial amount of money has been accumulated. The money collected under the National Provident Fund is required, by law, to be invested in Nigeria. Not surprisingly, the government has tapped these funds during periods when it was forced to borrow.[2/] (Other important sources of funds for the government have been the Central Bank, the commercial banks, statutory corporations, and the marketing boards.)

The Federal Savings Bank (formerly known as the Post Office Savings Bank) primarily serves the needs of the rural population. The volume of savings in that institution has a very low elasticity with respect to the rate of interest. The key deterrent of savings volume there appears to be the level of producer's income in the agricultural sector.

The Nigerian Building Society. No data available.

Gross Capital Formation Statistics

Gross capital formation in Nigeria over the period 1960 to 1970 is shown in Table 16. Estimates of capital formation since 1970 are given in Table 17.

As may be seen, building and construction accounts for over one half of all gross capital formation in Nigeria. It also explains the massive demand for cement imports. Domestic output of cement has grown at about 22% per year over the period 1970-74, but still has not been able to keep pace with

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[1/] Some exceptions are made: (a) contract workers and tributer system workers in mines and minefields; (b) casual workers; (c) workers covered by pension plans; (d) certain classes of native authorities.

[2/] Economic Development Institute, University of Nigeria, Proceedings of a Symposium on Financial Institutions and the Business Community (Enugu: Freemans Press, 1973).

Table 15

INSTITUTIONAL SAVINGS
CUMULATIVE
(thousands of naira)

Year and Month	Savings and Time Deposits at Commercial Banks	National Provident Fund	Federal Savings Bank	Nigerian Building Society	Premium Bonds, Savings Cert. and Savings Stamps	Merchant Banks	Total
1965 December	141,018	27,328	5,490	962	268	n.a.	175,066
1966 December	162,516	37,112	5,314	1,174	366	n.a.	206,482
1967 December	131,242	43,538	4,848	1,378	422	n.a.	181,428
1968 December	183,522	50,884	4,930	1,766	188	n.a.	241,320
1969 December	215,406	58,596	5,068	2,014	180	n.a.	281,264
1970 December	336,718	67,380	4,910	2,640	134	n.a.	411,782
1971 December	371,762	76,572	4,550	4,008	126	7,175	426,778
1972 December	456,866	89,166	4,322	5,356	106	10,769	564,354
1973 January	478,813	95,674	4,349	5,560	104	11,098	595,598
February	482,101	96,760	4,348	5,640	103	10,331	599,283
March	482,699	98,621	4,348	5,576	104	11,411	602,759
April	489,199	99,434	4,632	5,666	104	10,136	609,171
May	500,239	100,165	4,622	5,837	103	12,511	623,815
June	504,239	101,320	4,610	5,824	103	12,510	623,606
July	535,041	102,759	4,612	5,864	103	12,464	660,843
August	562,647	104,228	4,602	6,116	103	13,002	690,698
September	545,350	105,668	4,592	6,160	101	14,685	676,556
October	539,599	106,971	4,590	6,244	100	14,973	672,477

Table 15 (Continued)

Year and Month	Savings and Time Deposits at Commercial Banks	National Provident Fund	Federal Savings Bank	Nigerian Building Society	Premium Bonds, Savings Cert. and Savings Stamps	Merchant Banks	Total
November	539,231	108,569	4,572	6,318	100	16,343	675,133
December	582,280	109,725	4,549	6,470	98	17,100	720,222
Average	520,143	102,491	4,536	5,940	102	13,047	646,263
1974 January	594,609	112,030	4,549	6,454	98	19,508	737,248
February	607,917	113,587	4,571	6,478	98	19,097	751,748
March	637,422	115,669	4,607	6,530	98	17,813	782,139
April	638,525	117,365	4,606	6,607	98	18,003	785,204
May	709,326	118,941	4,617	6,591	98	19,531	859,104
June	746,594	120,327	4,633	6,787	98	22,124	900,563
July	830,583	121,695	4,659	7,153	97	20,273	984,460
August	881,171	123,558	4,664	7,136	96	19,283	1,035,908
September	889,661	125,203	4,660	7,134	96	20,717	1,047,471
October	894,714	126,852	4,680	7,309	94	23,352	1,057,001
November	939,963	128,471	4,679	7,400	92	23,573	1,104,178
December	973,212	129,806	4,669	7,285	92	22,049	1,137,113
Average	778,642	121,125	4,634	6,905	96	20,444	931,845

Source: Central Bank of Nigeria, Annual Report and Statement of Accounts, 1974.

Table 16

GROSS CAPITAL FORMATION BY TYPE OF CAPITAL GOODS, 1960-1970
(£ millions of Nigerian pounds at current prices, fiscal year beginning April 1)

	1960		1963		1968		1969		1970	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Residential and Nonresidential Buildings	71.0	45	72.0	37	71.0	32	75.4	29	119.6	26
Other Construction except Land Improvement1/	28.1	18	37.8	19	50.8	23	(69.9) 72.8	28	131.8	29
Land Improvement and Plantation and Orchard Development	11.0	7	33.4	17	23.1	11	(20.5) 15.3	6	16.6	4
Transport Equipment	21.3	13	18.2	9	24.9	11	34.8	14	64.9	14
Machinery and Other Equipment	28.0	18	35.1	18	(49.0) 49.1	22	(58.3) 58.1	23	119.8	26
Gross Fixed Capital Formation	159.4	100	196.5	100	(217.0) 218.9	100	(263.8) 256.4	100	456.7	100
Gross Domestic Product (GDP)	1,206.7		1,472.8		1,438.9		1,895.8		2,752.7	
Gross Fixed Capital Formation as a Percent of GDP	13.2		13.2		15.2		13.5		16.5	

1/ Includes ways of railroads, streets, sewers, bridges, etc.

Note: Figures in parentheses are alternative values from Federal Republic of Nigeria, Federal Office of Statistics, Annual Abstract of Statistics, 1972 (Lagos: Printing Division, 1975). The number series there stops in 1969 (1969/70).

Source: United Nations, Department of Economic and Social Affairs, Yearbook of National Accounts Statistics, 1973, Vol. II (New York: U. N. Publishing Service, 1975).

Table 17

GROSS CAPITAL FORMATION, 1969/70-1973/74
(millions of naira)

	Gross Capital Formation (GCF)	Building & Construc. (B&C)	Percent Change GCF	Percent Change B&C	B&C as % of GCF
1969/70	465.6	292.0	-	-	63
1970/71	689.9	365.9	48.2	25.3	53
1971/72	954.4	543.6	38.3	48.6	57
1972/73	1,140.2	684.4	19.5	25.9	60
1973/74	1,286.7	871.2	12.8	27.3	68
	4,536.8	2,757.1	29.7	31.8	61

Source: Standard Chartered Bank, Ltd., Standard Chartered Review, November 1975.

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the rising demand. With the worldwide shortage of cement prior to 1974, the Nigerians chose to avoid such shortages in the future by placing huge orders. When these orders began to arrive in 1975 (in August 1975, there were 200 cement-laden vessels waiting to be unloaded at Nigerian ports), the Nigerian Central Bank responded by refusing to honor supposedly irrevocable letters of credit guaranteeing payment, and the Nigerians also refused to pay demurrage charges (compensation on delays in unloading).[1/]

Such actions can only cause future trading problems. Nigeria's trading partners are unlikely to overlook this capricious and arbitrary response to foreign suppliers and will probably act to protect themselves in all future dealings by sharply curtailing credit given.

[1/] "Nigeria Setting Own Rules for Banking and Trade," Business Week, November 3, 1975.

THE NIGERIAN MANUFACTURING SECTOR

Introduction

The growth of manufacturing industries over time in developing countries has been observed to follow some regular patterns. One element of such regularity, derived from large country data, leads to a rough classification of industries into: (1) early, (2) middle, and (3) late.[1/] Early industries supply essential demands of poor countries, using simple technologies. The share of GNP accounted for by these industries increases relatively little above per capita income of $200. Examples of these industries are food, leather goods, and textiles. Domestic income elasticities of these goods are 1.0 or less. They also exhaust their import substitutions and export potential at low income levels.

Middle industries are those that double their share of GNP at the lower levels of income but rise relatively little more after the income level reaches $400-500 per capita. Industries that generally follow this pattern are nonmetallic minerals, rubber products, wood products, chemicals, and petroleum refining. Finished goods of these industries have income elasticities that are typically between 1.2 and 1.5.

Late industries continue to grow faster than GNP up to the highest income levels. This group of industries includes clothing, printing, basic metals, paper, and metal products. Using $300 per capita income as the halfway point in industrialization, the late industries account for 80% of the subsequent increase in the share of industry in large countries.

Market size affects choice between domestic production and imports where scale economies are important. The evidence shows basic metals, chemicals and petroleum, paper, and some types of metal fabricating (e.g., automobiles) have important scale economies.

In Nigeria, food products (I.S.I.C. 31) accounted for 37% of value added in 1971. Another 21% was in textiles and apparel (I.S.I.C. 32), and chemical, rubber and petroleum products (I.S.I.C. 35) provided another 21%. The

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[1/] H. B. Chenery and L. Taylor, "Development Patterns Among Countries over Time," The Review of Economics and Statistics, Vol. 50, 1968, pp. 391-416.

importance of early industries in Nigeria is quite apparent. Middle industries are emerging, centered about petroleum and petroleum products, and the late industries are of little consequence.

Employment and Output

The change in the number of establishments and total manufacturing employment by industry is shown in Table 18. As may be seen, the early industries generally had the greatest gains in both number of new establishments and total employment, followed by the middle industries. Thus, with expansion where scale factors are relatively unimportant, it is not too surprising that average employment per firm in manufacturing declined.

Annual money income, gross output and value added per worker by industry in establishments employing 10 or more workers (in current Nigerian pounds) are shown in Table 19.

Incremental output ratios for capital expenditure by industry are shown in Appendix Table C-1, but the erratic pattern of results suggests the underlying capital expenditure data may be faulty. Thus, no conclusions from that data may be prudently drawn. The relative efficiency of Nigeria's manufacturing industries also shows an erratic pattern and is also of questionable value (Appendix Table C-2).

The manufacturing activities of firms employing fewer than 10 workers is less well documented. Estimates of the relative importance of industry employment and output by subsectors in 1972 are shown in Table 20.

While the employment estimate for medium/large-scale industry in Table 20 appears to be somewhat high, the value added magnitude checks closely with the 1971 data referred to previously. The importance of Table 20, however, is the relatively large size of the small business composite in 1972. There were an estimated one million establishments in the small-scale sector, and they employed some 3.2 million persons. Within these totals, some 60,000 firms were factory-type enterprises employing about 180,000 persons. If apprentices working for nominal remuneration are included, this employment estimate could rise to perhaps 500,000. Despite the 48% share of total employment in these small-scale firms, they accounted for only about 5% of gross output and value added.

Table 18

CHANGE IN TOTAL NUMBER OF ESTABLISHMENTS AND
TOTAL EMPLOYMENT BY INDUSTRY, 1970 AND 1971
(Establishments employing 10 or more persons)

ISIC Code	Industry	Change in Number of Establishments	Change in Total Employment	Percent of Total Change	Average Employment per Establishment	
					1970	1971
3111	Meat Products	0	357	2.1	113	145
3112	Dairy Products	0	100	0.59	68	101
3113	Fruit Canning & Preserving	0	-29	-0.17	93	83
3115	Vegetable Oil Milling	5	789	4.66	180	177
3116	Grain Mill Products	0	495	2.92	237	361
3117	Bakery Products	62	1,003	5.92	44	32
3118, 3119	Sugar & Sugar Confectionery	-3	-1,018	-6.01	519	579
3121, 3122	Miscellaneous Food Preparation & Animal Feeds	1	212	1.25	98	117
3131, 3133	Spirit Distillery & Beer	1	75	0.44	498	445
3134	Soft Drinks	2	-46	-0.27	136	96
3140	Tobacco	1	1,058	6.25	792	846
3211	Textiles	21	3,990	23.57	716	535
3212	Made up Textile Goods (except Wearing Apparel)	2	-1,566	-9.25	493	297
3213, 3214	Knitted Goods & Woven Carpet (Knitted Goods Only in 1970)	6	833	4.92	368	215
3220	Wearing Apparel	2	-484	-2.86	97	68
3231	Tanning	-3	200	1.18	95	217
3233	Travel Goods	2	22	0.13	188	129

Table 18 (Continued)

ISIC Code	Industry	Change in Number of Establishments	Change in Total Employment	Percent of Total Change	Average Employment per Establishment 1970	1971
3240	Footwear	3	101	0.60	230	190
3311	Saw Milling	31	1,277	7.54	113	92
3320, 3319	Wooden Furniture, Fixtures, Other Wood & Cork Products Not Elsewhere Classified	16	2,173	12.84	65	82
3412	Containers, Boxes of Paper & Paperboard	1	494	2.92	164	211
3419	Paper Products	0	312	1.84	223	286
3420	Printing	1	312	1.84	223	286
3511, 3512	Basic Industrial Chemicals, Fertilizers & Pesticides	1	114	0.67	99	102
3521	Paints	0	61	0.36	103	113
3522	Drugs & Medicines	1	-203	-1.20	144	101
3523	Soap, Perfumes, Cosmetics & Other Cleaning Preparations	-1	178	1.05	264	298
3529	Other Chemical Products	-1	300	1.77	78	142
3540	Products of Petroleum & Coal	-2	42	0.25	76	141
3551	Tires & Tubes	0	85	0.50	207	218
3559	Other Rubber Products	-6	-2,644	15.62	277	225
3560	Plastics Products	4	809	4.78	144	156
3610, 3620	Pottery & Glass Products	0	197	1.16	242	275
3691	Bricks & Tiles	3	123	0.73	45	44

Table 18 (Continued)

ISIC Code	Industry	Change in Number of Establishments	Change in Total Employment	Percent of Total Change	Average Employment per Establishment 1970	1971
3692	Cement	1	1,619	9.56	301	521
3699	Concrete Products	5	-86	0.51	233	150
3720, 3811	Basic Metal, Cutlery, Hand Tools & General Hardware	2	-8	-0.05	257	210
3812	Metal Furniture & Fixtures	4	752	4.44	156	162
3813	Structural Metal Products	4	1,191	7.04	116	143
3819	Fabricated Metal Products	2	2,267	13.39	335	424
3822, 3824	Manufacture of Agricultural & Spec. Industrial Machinery	1	45	0.27	50	49
3829	Machinery & Equipment (except Elec.) Not Else-where Classified	0	-142	-0.83	124	77
3832	Manufacture of Radio, TV, & Communication Equipment & Apparatus	-1	-198	-1.14	101	90
3833, 3839	Mf. of Household Elec. Apparatus & Other Elec. Supplies Not Elsewhere Classified	-1	189	1.12	129	209
3841, 3843	Transport Equip. (Motor Body & Ship Bldg.)	0	193	1.14	104	132
3853, 3901	Mf. of Watches & Clocks & Jewelleries	0	240	1.42	28	108

Table 18 (Continued)

ISIC Code	Industry	Change in Number of Establishments	Change in Total Employment	Percent of Total Change	Average Employment per Establishment 1970	1971
3909	Mfg. Ind. Not Elsewhere Classified	2	861	5.09	62	101
	Total - All Industries	166	16,926	100.00	183	167

Note: Numbers may not add because of errors in original data.

Source: Derived from Appendix Tables A-1(a) and A-1(b).

Table 19

AVERAGE WAGES AND SALARIES, GROSS OUTPUT,
AND VALUE ADDED PER EMPLOYEE, 1970 AND 1971
(Establishments employing 10 or more persons)
(in Nigerian pounds)

ISIC Code	Industry	Per Employee Data: Average of Wages and Salaries 1970	Per Employee Data: Average of Wages and Salaries 1971	Per Employee Data: Gross Output 1970	Per Employee Data: Gross Output 1971	Per Employee Data: Value Added 1970	Per Employee Data: Value Added 1971	Change in Gross Output ÷ Change in Employment
3111	Meat Products	287	324	2,069	4,705	1,070	2,267	13,882
3112	Dairy Products	320	436	3,872	5,782	1,951	3,086	9,660
3113	Fruit Canning & Preserving	79	92	427	380	226	268	828
3115	Vegetable Oil Milling	197	178	5,629	3,898	1,887	1,143	7,598
3116	Grain Mill Products	475	440	13,799	12,226	3,899	3,668	9,210
3117	Bakery Products	179	121	1,974	1,630	920	614	328
3118, 3119	Sugar & Sugar Confectionery	241	312	2,577	2,832	750	747	1,270
3121, 3122	Misc. Food Preparation & Animal Feeds	324	331	3,637	6,451	1,258	2,491	12,929
3131, 3133	Spirit Distillery & Beer	514	596	10,466	11,855	8,083	9,142	76,453
3134	Soft Drinks	220	395	3,397	5,806	2,303	3,615	37,022
3140	Tobacco	358	612	6,985	6,703	5,447	5,081	5,859
3211	Textiles	236	271	2,534	2,571	928	1,184	2,833
3212	Made up Textile Goods (except Wearing Apparel)	160	237	1,720	2,316	599	649	253
3213, 3214	Knitted Goods & Woven Carpet	150	205	16,251	1,560	15,049	418	-17,910

Table 19 (Continued)

ISIC Code	Industry	Per Employee Data: Average of Wages and Salaries 1970	Average of Wages and Salaries 1971	Gross Output 1970	Gross Output 1971	Value Added 1970	Value Added 1971	Change in Gross Output ÷ Change in Employment
3220	Wearing Apparel	210	211	1,648	1,832	528	462	1,056
3231	Tanning	253	295	3,253	3,283	1,004	953	3,370
3233	Travel Goods	240	205	1,915	1,800	173	63	-2,091
3240	Footwear	300	324	2,751	2,684	805	886	69
3311	Saw Milling	231	313	877	971	436	467	1,597
3320, 3319	Wooden Furniture, Fixtures; Other Wood, Cork Products Not Elsewhere Classified	189	159	981	628	421	260	96
3412	Containers, Boxes of Paper & Paperboard	460	221	4,646	3,681	1,736	1,097	1,097
3419	Paper Products	334	346	3,935	3,445	1,429	1,058	1,692
3420	Printing	345	396	1,464	1,769	666	855	7,629
3511, 3512	Basic Ind. Chemicals, Fertilizers & Pesticides	453	534	1,738	7,374	3,924	4,585	16,553
3521	Paints	344	600	5,507	6,165	2,525	2,951	12,820
3522	Drugs & Medicines	311	353	1,141	2,245	271	1,004	3,251
3523	Soap, Perfumes, Cosmetics & Other Cleaning Products	492	530	5,308	5,927	2,025	2,948	18,787
3529	Other Chemical Products	327	277	4,077	2,963	2,021	1,639	2,057
3540	Products of Petroleum & Coal	1,514	1,251	68,551	69,064	43,717	43,605	73,714

Table 19 (Continued)

ISIC Code	Industry	Per Employee Data: Average of Wages and Salaries 1970	1971	Gross Output 1970	1971	Value Added 1970	1971	Change in Gross Output ÷ Change in Employment
3551	Tires and Tubes	486	549	5,063	5,636	2,545	2,948	16,800
3559	Other Rubber Products	166	191	1,268	1,209	523	254	1,363
3560	Plastics Products	248	275	2,606	2,891	1,196	1,345	3,653
3610, 3620	Pottery & Glass Products	210	190	1,578	1,132	785	616	-2,157
3691	Bricks & Tiles	252	226	1,823	1,691	1,133	891	-1,447
3692	Cement	360	437	4,109	3,168	2,085	1,588	2,291
3699	Concrete Products	152	218	1,177	1,744	584	772	-13,628
3720, 3811	Basic Metal, Cutlery, Hand Tools & General Hardware	222	241	5,988	5,515	673	828	142,250
3812	Metal Furniture & Fixtures	247	214	2,261	1,923	811	793	802
3813	Structural Metal Products	357	364	2,842	3,056	1,126	1,172	3,536
3819	Fabricated Metal Products	283	298	3,359	3,588	1,188	1,009	4,132
3822, 3824	Manufacture of Agric. & Special Ind. Machinery	270	343	1,835	2,224	995	1,220	3,956
3829	Machinery & Equipment	280	300	2,226	2,661	567	339	1,521
3832	Manufacture of Radio, TV and Comm. Equip. & Apparatus	227	294	5,145	6,208	1,477	2,294	1,162
3833, 3839	Mf. of Household Elec. Apparatus & Other Elec. Supplies Not Elsewhere Class.	246	325	3,016	3,328	941	903	4,392

Table 19 (Continued)

ISIC Code	Industry	Per Employee Data: Average of Wages and Salaries 1970	1971	Gross Output 1970	1971	Value Added 1970	1971	Change in Gross Output ÷ Change in Employment
3841	Transport Equipment (Motor Body and Ship Bldg.)	249	278	1,207	978	479	607	114
3853, 3901	Mf. of Watches & Clocks & Jewelleries	165	268	1,906	1,523	718	1,006	1,388
3909	Mfg. Ind. Not Elsewhere Classified	285	269	2,423	1,700	1,307	720	810
	Average - All Industries	268	307	3,299	3,280	1,534	1,521	3,141

Note: Numbers may not add because of errors in original data.

Source: Derived from Appendix Tables A-1(a) and A-1(b).

Table 20

INDUSTRY EMPLOYMENT AND OUTPUT
BY SUBSECTOR, 1972

	Value Added		Gross Output		Employment	
	₦ Million	%	₦ Million	%	Thousands	%
Oil Industry	1,094	67	1,230	50	10	3
Medium/Large Industry (10 or more employees)	445	28	1,100	45	185	49
Small-Scale (factory-type with under 10 employees)	75	5	115	5	180	48
Subtotal	1,614	100	2,445	100	375	100
Cottage Industry and Artisans	NA	-	NA	-	3,025	
Total					3,400	

Source: International Bank for Reconstruction and Development, October 1974.

Most small-scale industries (about 95%) have the proprietorship or partnership form of organization. A consequence of this is that various government incentives, i.e., tax relief, customs duty preferences and protection, duty drawbacks on exports, and accelerated depreciation, reach few businesses because they are limited to corporations.[1] The difficulties and low productivity of small-scale businesses, however, stem from more fundamental problems, managerial, technological, etc., which are common to small businesses everywhere.

Nevertheless, small-scale and cottage industry can be an important component of industrial development under appropriate conditions. The Japanese example comes to mind, where many items are processed by home industry. Significantly, many of the products processed by home industries in Japan are highly ranked export goods. The key to the early development of this system appears to have been widespread electrification to permit dispersed machine-equipped shops, which were linked by a good transport system, coupled with free diagnostic and consultative services by licensed persons operating at the

[1] Governmental tax policies themselves are quite capricious. For example, the tax treatment of loans varies significantly with the term of the loan. Thus, businessmen must plan carefully because an otherwise sound business deal may be seriously affected by unexpected tax consequences.

prefectural level. The integration of these small shops into large parent plants or wholesalers then made the industrial structure components mutually supporting.

Nigeria, however, has not moved very far in this direction to date.

Industrial Development Centers

Industrial Development Centers (IDCs), which provide small industrialists with technological and management assistance, were begun in Nigeria in 1962 and are the product of a joint U.S. and Nigerian government effort. About the time these centers were created, the Ford Foundation had a separate program to establish a small industry credit scheme. This effort was subsequently integrated with the IDC program and the six northern states' loan programs. The Second National Development Plan[1/] states: ". . . active support will be given to the promotion and development of small-scale industries. To this end, the Government will operate three Federal Industrial Development Centres (at Zaria, Owerri and one to be established in the Western State) [which will] . . . specialize in sectors . . . related to industrial raw materials [in the respective zones]." The role of the Industrial Development Centers is defined as:

(1) Technical appraisal of loan applications;

(2) Industrial extension services;

(3) Training of entrepreneurs and staff;

(4) Applied research, product design, and management training.

Where government loans are involved, technical support for such projects is provided by each state through their Small-Scale Industries Credit Scheme or fund. Government loans given are primarily directed to supplying machinery on an installment contract (hire-purchase) basis.

In the Third National Development Plan, 1975-80,[2/] increased support for the IDCs is part of an overall program to further industrial research and

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[1/] Federal Republic of Nigeria, Federal Ministry of Information, Second National Development Plan, 1970-74 (Lagos: Printing Division, no date).

[2/] Federal Republic of Nigeria, Central Planning Office, Ministry of Economic Development, Third National Development Plan, 1975-80, Vol. I (Lagos: Printing Office, no date).

development. Small-scale industry development is viewed as a means of creating employment, mobilizing local resources, stemming rural to urban migration, and getting a more even geographic distribution of industrial enterprises.

The IDCs and small-scale industry now appear as established components of national (and state) economic development planning. The IDCs are administered by the Small Industry Division (SID) of the Federal Ministry of Trade. Within the SID there are four divisions: Industrial Sites Development; Training and Technical Assistance; Economic, Statistical and Information Services; and Financial Control. Ten more IDCs are planned, with the highest priority going to the Oshogbo, Sokoto, and Maiduguri locations.

Historically, the IDCs began by offering training seminars, demonstrations, and management assistance to entrepreneurs sought out by the staff of each center. Industries chosen for concentrated effort were woodworking, metalworking, auto repair, textiles, and leatherworking. Now, with the integration of credit and technical assistance at the IDCs, entrepreneurs come to the centers at their own initiative.

While cost/benefit data are scanty, there appears to be a significant increase in the economic impact of the Zaria IDC by the 1970s after it took on the character of a supervised small loan program with technical assistance. (The operations of the Owerri IDC were disrupted by the Civil War, 1967-70.) One study of 46 small industries aided by the Zaria IDC showed an average increase of 252% in gross sales and 152% in employment.[1/] The usual pattern of growth for these small firms was a rise in quality and quantity of output, followed later by a rise in employment. This would be consistent with economic theory. Labor productivity rises as a result of the use of more capital (a new or newer machine), and this is followed by a profit-maximizing partial equilibrium adjustment, as presented in Figure 2.

The Zaria IDC experience appears to validate the strategy developed by the Ford Foundation and USAID, which links small-scale industry credit facilities and technical assistance. In 1970, gross sales of center-assisted small industry were estimated to be growing at a rate in excess of 10 times

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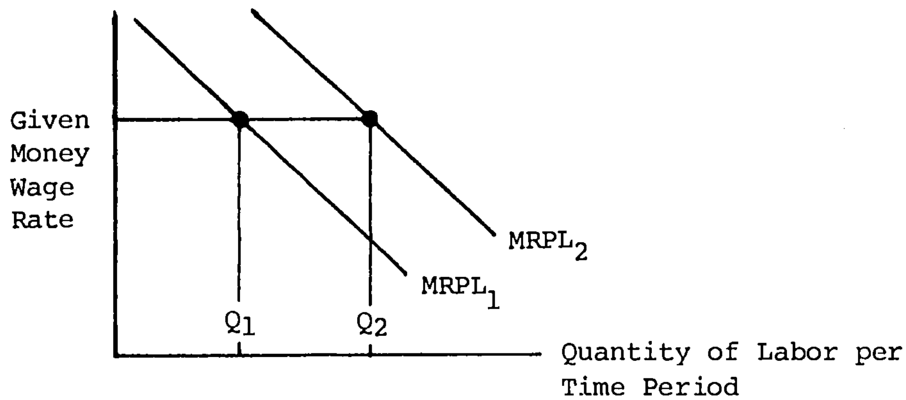
[1/] George D. Hawbaker and H. Howard Turner, Developing Small Industries: A Case Study of AID Assistance to Nigeria, 1962-71 (Washington: Agency for International Development, December 1972).

Figure 2

EMPLOYMENT EFFECT OF A CHANGE IN LABOR PRODUCTIVITY



the project investment.[1/] In 1971, about $2 million of new investment in 108 small industries was recommended by the center to various state loan committees. (The approval rate was running around 90%.) It should be noted here, however, that most loans were for <u>machinery</u> to <u>existing</u> entrepreneurs. These existing entrepreneurs could be expected to be generally more capable than new entrants and thus a better loan risk. Further, machinery loans tend to be safer loans in that the value of a repossessed general-purpose machine is likely to return a high percentage of the original loan value. Unfortunately, data are not presently available to compare loss ratios of machinery loans to established entrepreneurs with other types of loans.

With respect to funding, the separation of the feasibility study (done at the center) and the loan appraisal (at the state loan committee) relieved political pressures by having the concurrence from two separate agencies necessary for project approval.

In addition to the IDCs, there are the small-scale industry credit schemes (SICs) in each of the states comprising Nigeria. These are helping the indigenous cottage industries and micro-factories evolve into modern small-scale industries. The SICs are administered by the State Ministries of Trade and Industry and finance projects approved by IDCs at an effective 8% interest rate (1-2% below prime) for terms of 3-10 years. A training program for small-scale industry staff personnel is conducted at the University of Ife, located in Ile-Ife.

[1/] Hawbaker and Turner, <u>op. cit</u>.

A new development at the state level is the plan to develop 12 demonstration industrial estates. These will be located near Onitsha, Ibadan, Berin, Kano, Kaduna, Matori, Port Harcourt, Calabar, Jos, Maidiguri, Sokoto, and Ilorin. By locating these industrial estates near major urban centers, it is hoped infrastructure costs for development will be reduced and population will become more evenly dispersed.

The volume of actual and planned activity of the state SICs is given in Table 21.

As may be seen, the total number of loans made was quite small (570) and the loan size rather large in relation to average annual wages and salaries in manufacturing.[1/]

While the SICs are a desirable program, the extent of their activity is much too small. In fact, their lending activities are but the tip of the iceberg as far as small-scale industry finance in Nigeria is concerned. There are, however, no data on noninstitutional sources of funds, even though it is undoubtedly the most important. Table 22 (for the Western State) provides some evidence.

From a benefit/cost standpoint, the preliminary evidence from the Zaria IDC indicates the increased aggregate income over five years attributable to assistance was about six times the cost.[2/] If this estimate is valid, the economic justification of IDCs/SICs seems clear and further expansion of these efforts desirable.

[1/] See Appendix Table D-1 for a summary of small-scale business establishments in the Western State of Nigeria.

[2/] This compares with about 10 times for the U.S. Small Business Administration program.

Table 21

ACTUAL LOANS OF STATE SICs, 1969/70, 1973/74, AND PROJECTED VOLUMES, 1975/76-1979/80
(Third Development Plan)

State	Actual, 1969/70-1973/74			Projected, 1975/76-1979/80		
	Loans Approved (Number)	Amounts Approved (₦ millions)	Average Loan (₦)	Loan Approvals (Number)	Amounts Approved (₦ millions)	Average Loan (₦)
Benue Plateau	115[a/]	0.68	5,910	193	2.400	12,435
Kano	63	0.47	7,460	173	2.150	12,570
Kwara	85[a/]	0.34	4,000	173	1.325	7,660
North-Central	87	0.53	6,090	192	2.200	11,460
North-Eastern	75[a/]	0.46	6,130	168	1.375	8,185
North-Western	75[a/]	0.25	3,330	184	1.300	7,065
Lagos	-	-	-	175	2.300	13,140
Western	-	-	-	261	6.001	22,990
Mid-Western	-	-	-	174	2.637	15,155
East Central	70[b/]	0.38	5,430	310	5.850	18,870
Rivers	-	-	-	116	1.125	9,700
South-Eastern	-	-	-	116	1.125	9,700
Total Average (Current ₦)	570	3.11	5,460	2,223	29.788	13,340
(Constant 1974/75 ₦)					22.191	10,300

[a/] Four years of operation, 1969-72.

[b/] Two years of operation, 1972-74.

Note: Historically, 15% of applications have been approved, but approvals are expected to fall to 10% in 1975-80 period.

Source: International Bank for Reconstruction and Development, Appraisal of Small-Scale Industry Project: Nigeria, Vol. VI, October 1974.

Table 22

SMALL-SCALE INDUSTRY: SOURCES OF LOAN FINANCE IN THE WESTERN STATE OF NIGERIA

Number of Industries	13,592
Sources of Loans	
Banks	22
Government	1
Local Authorities	-
Cooperative Societies	4
Money Lenders	38
Relatives and Friends	254
Owners' Savings	13,273

Source: University of Ife, Industrial Research Unit, Small-Scale Industries: Western State of Nigeria (Ile-Ife, March 1972).

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APPENDICES

Appendix A

NIGERIAN MANUFACTURING, 1970-71

Appendix Table A-1(a)

NIGERIAN MANUFACTURING, 1970
(in thousands of Nigerian pounds)

ISIC Code	Industries	Number of Establish-ments	Number Employed	Wages and Salaries	(a) Gross Output	(b) Industrial Costs	(c) Value Added	(d) Net Capital Expenditure	(e) Non-Industrial Costs
3111	Meat Products	11	1,243	357	2,572	1,442	1,130	21	212
3112	Dairy Products	3	203	65	786	390	396	57	45
3113	Fruit Canning & Preserving	3	279	22	119	57	63	2	6
3115	Vegetable Oil Milling	29	5,220	1,028	29,384	19,535	9,849	135	5,303
3116	Grain Mill Products	4	949	451	13,095	9,394	3,700	1,800	1,853
3117	Bakery Products	87	3,796	681	7,494	4,003	3,491	586	1,281
3118, 3119	Sugar & Sugar Confectionery	12	6.228	1,500	16,049	11,375	4,674	1,065	1,664
3121, 3122	Miscellaneous Food Preparation & Animal Feeds	5	488	158	1,775	1,161	614	85	248
3131, 3133	Spirit Distillery & Beer	7	3,488	1,792	36,505	8,312	28,192	1,324	20,678
3134	Soft Drinks	6	818	180	2,779	894	1,884	198	1,137
3140	Tobacco	4	3,170	1,135	22,143	4,878	17,266	511	14,512
3211	Textiles	40	28,636	6,749	72,571	46,004	26,568	7,707	16,458
3212	Made up Textile Goods (except Wearing Apparel)	11	5,426	867	9,334	6,083	3,251	120	1,548
3213	Knitted Goods	3	1,104	166	17,941	1,326	16,614	364	630
3220	Wearing Apparel	21	2,037	428	3,356	2,280	1,076	1,193	523
3231	Tanning	7	668	169	2,176	1,504	672	147	391
3233	Travel Goods	4	750	180	1,436	1,306	130	295	272
3240	Footwear	12	2,755	827	7,578	5,361	2,217	699	267
3311	Saw Milling	75	8,455	1,956	7,411	3,735	3,686	421	621
3320, 3319	Wooden Furniture, Fixtures, Other Wood, Cork Products Not Else-where Classified	50	3,270	619	3,209	1,831	1,378	295	352
3412	Containers, Boxes of Paper & Paperboard	6	985	453	4,576	2,866	1,710	310	1,115
3419	Paper Products	5	1,117	373	4,395	2,799	1,596	53	267
3420	Printing	67	7,454	2,575	10,913	5,950	4,964	602	1,536
3511, 3512	Basic Industrial Chemicals, Fertilizers & Pesticides	4	397	180	1,881	1,049	832	77	491
3521	Paints	6	617	212	3,398	1,841	1,558	141	841
3522	Drugs & Medicines	7	1,010	314	1,152	877	274	110	500
3523	Soap, Perfumes, Cosmetics & Other Cleaning Preparations	14	3,699	1,819	19,634	12,142	7,492	785	5,525
3529	Other Chemical Products	10	776	254	3,164	1,595	1,568	324	863
3540	Products of Petroleum & Coal	5	381	577	26,118	9,463	16,656	757	13,393
3551	Tires & Tubes	8	1,657	806	8,390	4,173	4,217	441	2,783
3559	Other Rubber Products	25	6,915	1,150	8,766	5,147	3,619	796	1,274
3560	Plastics Products	15	2,157	535	5,621	2,041	2,580	1,483	731
3610, 3620	Pottery & Glass Products	6	1,452	305	2,291	1,151	1,140	136	377
3691	Bricks & Tiles	5	226	57	412	155	256	115	64
3692	Cement	5	1,507	542	6,193	3,051	3,142	440	1,126

Appendix Table A-1(a)
(Continued)

ISIC Code	Industries	Number of Establish- ments	Number Employed	Wages and Salaries	(a) Gross Output	(b) Industrial Costs	(c) Value Added	(d) Net Capital Expenditures	(e) Non- Industrial Costs
3699	Concrete Products	10	2,233	357	2,572	1,394	1,362	735	412
3720, 3811	Basic Metal, Cutlery, Hand Tools & General Hardware	9	2,314	513	13,856	12,298	1,558	1,222	818
3812	Metal Furniture & Fixtures	16	2,498	616	5,648	3,623	2,025	309	776
3813	Structural Metal Products	23	2,675	955	7,603	4,590	3,013	294	1,025
3819	Fabricated Metal Products	16	5,365	1,519	18,019	11,643	6,376	785	2,719
3822, 3824	Manufacture of Agric. & Special Industrial Machinery	4	200	54	367	169	199	9	21
3829	Machinery & Equipment (except Electrical) Not Elsewhere Classified	3	372	104	828	617	211	5	26
3832	Manufacture of Radio, TV Communication Equipment, & Apparatus	9	911	207	4,687	3,340	1,346	145	614
3833, 3839	Manufacture of Household Electrical Apparatus & Other Electrical Supplies Not Else- where Classified	5	643	158	1,939	1,334	605	136	188
3841, 3843	Transport Equipment (Motor Body & Ship Building)	7	730	182	881	350	531	39	49
3851, 3853	Manufacture of Watches & Clocks	3	85	14	162	101	61	22	6
3214, 3831 & 3901	Miscellaneous Products	4	358	85	809	278	531	34	167
3909	Manufacturing Industry Not Else- where Classified	13	702	218	1,759	905	854	231	356
	Total	704	128,519	34,461	423,921	226,804	197,116	27,368	106,070

Appendix Table A-1(b)

NIGERIAN MANUFACTURING, 1971
(in thousands of Nigerian pounds)

ISIC Code	Industries	Number of Establish-ments	Number Employed	Wages and Salaries	(a) Gross Output	(b) Industrial Costs	(c) Value Added	(d) Net Capital Expenditure	(e) Non-Industrial Costs
3111	Meat Products	11	1,600	519	7,528	3,900	3,627	173	486
3112	Dairy Products	3	303	132	1,752	817	935	208	138
3113	Fruit Canning & Preserving	3	250	23	95	28	67	-	16
3115	Vegetable Oil Milling	34	6,009	1,067	23,422	16,556	6,866	126	4,563
3116	Grain Mill Products	4	1,444	636	17,654	12,357	5,297	2,208	2,26[illegible]
3117	Bakery Products	149	4,799	580	7,823	4,876	2,947	637	1,044
3118, 3119	Sugar & Sugar Confectionery	9	5,210	1,627	14,756	10,865	3,891	1,162	1,895
3121, 3122	Miscellaneous Food Preparation & Animal Feeds	6	700	232	4,516	2,772	1,744	80	361
3131, 3133	Spirit Distillery & Beer	8	3,563	2,125	42,239	9,666	32,573	3,089	21,969
3134	Soft Drinks	8	772	305	4,482	1,692	2,791	624	1,278
3140	Tobacco	5	4,228	2,587	28,342	6,860	21,482	1,013	16,436
3211	Textiles	61	32,626	8,857	83,874	45,234	38,641	11,982	20,995
3212	Made up Textiles Goods (except Wearing Apparel)	13	3,860	914	8,938	6,432	2,506	161	1,743
3213, 3214	Knitted Goods & Woven Carpet	9	1,937	398	3,022	2,212	810	110	1,020
3220	Wearing Apparel	23	1,553	328	2,845	2,128	717	717	475
3231	Tanning	4	868	256	2,850	2,023	827	153	443
3233	Travel Goods	6	772	158	1,390	1,341	49	248	286
3240	Footwear	15	2,856	924	7,666	5,137	2,529	521	430
3311	Saw Milling	106	9,732	3,044	9,450	4,902	4,549	536	938
3320, 3319	Wooden Furniture & Fixtures & Other Wood & Cork Products Not Elsewhere Classified	66	5,443	863	3,418	2,004	1,415	247	406
3412	Containers, Boxes of Paper & Paperboard	7	1,479	327	5,444	3,822	1,622	336	918
3419	Paper Products	5	1,429	495	4,923	3,411	1,512	72	714
3420	Printing	65	7,842	3,102	13,873	7,169	6,704	954	1,690
3511, 3512	Basic Ind. Chemicals, Fertilizers & Pesticides	5	511	273	3,768	1,425	2,343	374	703
3521	Paints	6	678	407	4,180	2,179	2,001	300	1,397
3522	Drugs & Medicines	8	807	285	1,812	1,002	810	193	197
3523	Soap, Perfumes, Cosmetics & Other Cleaning Preparations	13	3,877	2,055	22,978	11,548	11,431	1,028	7,417
3529	Other Chemical Products	9	1,276	353	3,781	1,691	2,090	541	1,102
3540	Products of Petroleum & Coal	3	423	529	29,214	10,768	18,445	1,171	15,104
3551	Tires & Tubes	8	1,742	957	9,818	4,683	5,135	928	3,407
3559	Other Rubber Products	19	4,271	816	5,163	4,076	1,087	288	990
3560	Plastics Products	19	2,966	817	8,576	4,588	3,988	1,513	988
3610, 3620	Pottery & Glass Products	6	1,649	314	1,866	850	1,016	49	266
3691	Bricks & Tiles	8	349	79	590	280	311	171	58
3692	Cement	6	3,126	1,366	9,902	4,938	4,964	4,167	2,526
3699	Concrete Products	15	2,247	489	3,918	2,184	1,734	617	544

Appendix Table A-1(b)
(Continued)

ISIC Code	Industries	Number of Establish-ments	Number Employed	Wages and Salaries	(a) Gross Output	(b) Industrial Costs	(c) Value Added	(d) Net Capital Expenditure	(e) Non-Industrial Costs
3720, 3811	Basic Metal, Cutlery, Hand Tools & General Hardware	11	2,306	557	12,718	10,807	1,910	1,265	876
3812	Metal Furniture & Fixtures	20	3,250	695	6,251	3,675	2,576	673	988
3813	Structural Metal Products	27	3,866	1,408	11,814	7,283	4,531	900	1,748
3819	Fabricated Metal Products	18	7,632	2,272	27,386	19,682	7,704	1,438	4,045
3822, 3824	Manufacture of Agric. & Special Industrial Machinery	5	245	84	545	246	299	30	77
3829	Machinery & Equip. (except Elec.) Not Elsewhere Classified	3	230	69	612	534	78	8	171
3832	Manufacture of Radio, TV & Communication Equipment & Apparatus	8	718	211	4,457	2,810	1,647	184	901
3833, 3839	Manufacture of Household Electrical Apparatus & Other Electrical Supplies Not Elsewhere Classified	4	832	270	2,769	2,018	751	82	368
3841, 3843	Transport Equip., Motor Body & Ship Building	7	923	257	903	343	560	40	80
3853, 3901	Manufacture of Watches & Clocks & Jewelleries	3	325	87	495	167	327	34	128
3909	Manufacturing Ind. Not Elsewhere Classified	19	1,921	517	3,265	1,881	1,384	178	440
	Total	870	145,445	44,667	477,082	255,859	221,223	41,527	125,029

Source: Federal Republic of Nigeria, Federal Office of Statistics, Annual Abstract of Statistics, 1972 (Lagos: Printing Division, 1975), pp. 39 and 40.

Notes to Tables A-1(a) and A-1(b)

Details may not add up to total because of rounding.

Tables present the summary of results of the 1970 and 1971 industrial survey of manufacturing establishments employing 10 or more persons.

(a) Gross Output is the value of sales of products, plus receipts for resale of goods sold in the same condition as when bought, value of contract work, receipts for maintenance and repairs, value of assets produced for own use plus or minus the value of inventory changes in finished goods and work-in-progress.

(b) Industrial Costs include costs of materials, fuel, electricity, goods sold in the same condition as when bought, contract work done by others on own materials and repairs and maintenance work done, by others.

(c) Value Added means census value added and it is the difference between Gross Output and Industrial Costs.

(d) Net Capital Expenditure is the cost of purchases of new and used capital equipment plus the value of assets produced by own employees, less proceeds from the sale of any capital assets already held by the establishment.

(e) Non-Industrial Costs are the incidental expenses which are not part of costs of the raw materials, e.g., administrative expenses.

Appendix B

NIGERIAN MARKETING BOARDS

Appendix B

NIGERIAN MARKETING BOARDS[1/]

Operations

After World War II, Nigeria established Commodity Statutory Marketing Boards for major export crops except rubber (cocoa, groundnuts, oil palm produce, soya beans, benniseed and cotton).

With the 12-state structure of April 1968, the multi-commodity regional board arrangement was expanded by the creating of additional regional boards to give the present structure.

Capital

By 1954, almost 120 million pounds had been raised by the cocoa (1947), groundnut (1949), cotton (1949), and oil palm produce (1949) boards. About 100 million pounds in trading surpluses were realized during the period 1947-54. (Originally, boards were established by commodity.)

From 1954 to 1961, the successor Regional Marketing Boards added the sum of 21.8 million pounds to Marketing Board resources, mainly through trading surpluses. Earnings on accumulated reserves and other operations added anoth 9.5 million pounds.

Administration

Each board appoints licensed buying agents for one year. They buy from producers at predetermined prices, assemble, grade, and transport to the port of shipment. Indigenous traders are encouraged in the produce export trade and are normally appointed as licensed buying agents.

Inspectors from the Federal Ministry of Trade provide formal inspection and issue the grades and standards used throughout Nigeria.

The funds earned by the Marketing Boards annually through 1967 are shown in Table B-1. The applications of funds generated are shown in Tables B-2 through B-5.

[1/] M. A. Akintomide, "A Comparative Analysis of the Marketing Board System and Other Arrangements for Commodity Marketing," Papers of International Conference on the Marketing Board System, Ibadan, March 29-April 3, 1971.

Appendix Table B-1

NIGERIAN PUBLIC REVENUES, ALL GOVERNMENTS, 1961/62-1966/67

Year	Import Duties		Export Duties		Direct Taxes		Indirect Taxes		Other Domestic Revenues		Marketing Board Grants to Governments		Total	
	£m	% of Total	£m	% of Total	£m	% of Total	£m	% of Total	£m	% of Total	£m	% of Total	£ million	%
1961/62	57.0	43	13.1	9	24.9	18.8	9.78	7	14.3	10.8	13.2	10	132.28	100
1962/63	60.8	45	11.8	8	24.7	18.2	10.8	8	19.0	14	8.2	6	135.3	100
1963/64	63.4	43	14.2	9	21.9	15	14.1	9	13.6	9	18.3	12	145.5	100
1964/65	83.4	47	14.4	8	28.4	16	18.9	10.8	20.1	11.5	9.7	5.5	174.9	100
1965/66	79.9	36	15.9	7	39.1	18	27.3	12.6	45.7	21	9.0	4	216.9	100
1966/67	58.4	32	14.0	7	37.7	21	38.1	21	25.7	14	5.9	3	179.8	100

Note: Data quoted from original source. No attempt has been made to resolve arithmetical inaccuracies.

Source: Federal Office of Statistics.

Appendix Table B-2

NORTHERN STATES MARKETING BOARD
RESERVES FOR DEVELOPMENT AND RESEARCH

	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67
Agricultural Research Scheme	697,246	796,292	1,051,973	1,336,021	1,620,020	1,904,020	2,188,020
West African Stores Products Research Unit	6,858	1,755	7,253	5,425	3,522	2,241	4,057
Northern States Development Corporation	-	-	-	-	-	-	-
Empire Cotton Growing Association	-	-	-	-	-	24,370	24,370
Agricultural Field Services (Cotton Production)	28,202	33,908	28,538	13,767	16,814	20,797	17,330
Cotton Development & Marketing	8,678	1,238	140,512	155,202	192,052	201,265	201,265
Marketing Publicity	-	-	10,000	-	-	10,000	10,000
Cocoa Development Scheme	5,172	15,000	2,681	718	-	9,511	10,000
Pest Control at Port	-	-	15,000	30,000	-	28,666	57,332
Nigerian Institute for Oil Palm	-	-	-	-	-	-	8,500
Cocoa Institute Contribution	-	-	-	-	-	-	144
Total	746,257	854,193	1,255,957	1,541,133	1,832,408	2,200,870	2,528,058

Note: Data quoted from original source. No attempt has been made to resolve arithmetical inaccuracies.

Source: Federal Office of Statistics.

Appendix Table B-3

TOTAL GRANTS AND REIMBURSEMENTS PROVIDED BY
WESTERN NIGERIA MARKETING BOARD, 1960/61-1969/70

	1960/61		1961/62	1963/64	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70
Grant to Government for Capital Development	1,000,000	2,000,000	1,000,000	14,000,000	7,000,000	5,000,000	5,000,000	5,000,000	5,000,000	7,500,000
Extension Services M.A.N.R.	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
W. N. Produce Inspector Service	276,000	276,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Nigeria Stored Product Research Institute	12,000	12,000	5,000	5,000	15,000	15,000	15,000	15,000	15,000	15,000
Nigeria Institute for Oil Palm Research	70,000	70,000	70,000	66,700	66,700	56,000	56,000	56,000	56,000	56,000
Cocoa Research Institute of Nigeria	-	-	-	250,000	195,000	250,000	400,000	250,000	250,000	250,000
Cocoa Spraying Subsidy	500.000	220,000								
Grant to Local Council for Improvement of Feeder Roads	-	-	-	-	-	-	-	-	-	500,000
Loans Outstanding to Nigerian Private Companies (National Motors)	-	-	-	-	-	-	-	533,000	533,000	533,000
Federation of Nigeria Securities (Treasury Bills)	-	-	-	-	-	-	-	-	317,000	317,000
Federal Republic of Nigeria Development Stock	-	-	-	-	-	-	-	-	5,133,756	5,133,756
Total	2,608,000	3,328,000	2,525,000	15,781,700	8,551,700	6,771,000	6,921,000	7,304,000	12,754,756	15,754,756

Note: Data quoted from original source. No attempt has been made to resolve arithmetical inaccuracies.

Source: Federal Office of Statistics.

Appendix Table B-4

PRODUCER AND WORLD PRICES FOR MARKETING BOARD CONTROLLED PRODUCTS, 1947-1969

Year	Cocoa		Palm Kernels		Palm Oil		Groundnuts		Cotton	
	Producer Price	World Price	Producer Price	World Price	Producer Price	World Price	Producer Price	World Price	Producer Price	World Price
1952/53	170.0	230	34.0	45.9	75.5	46.1	36.0	69.0	56.0	96.9
1953/54	166.0	349	34.0	58.0	65.0	79.0	35.0	65.0	55.1	81.1
1954/55	196.0	344	30.0	46.0	58.0	69.0	35.5	57.0	56.0	79.8
1955/56	196.0	214	30.0	45.0	50.0	72.0	35.4	61.0	56.0	74.4
1956/57	146.0	180	30.0	46.0	50.0	87.0	32.4	68.0	51.9	68.3
1957/58	146.0	29.9	29.0	44.0	50.0	82.0	37.4	52.9	56.0	19.8
1958/59	146.0	280.5	29.0	48.4	47.75	73.9	33.9	55.2	56.0	24.75
1959/60	156.0	219.0	29.0	61.2	47.75	77.4	36.4	61.7	57.0	23.7
1960/61	148.0	173.5	29.0	52.7	47.75	72.75	37.4	59.4	57.0	21.5
1961/62	96.0	155.1	29.0	42.8	47.75	74.4	33.7	56.0	49.9	-
1962/63	101.0	157.4	25.0	43.3	40.0	67.5	30.3	54.6	44.8	-
1963/64	106.0	180.1	27.0	48.9	40.0	70.8	30.3	58.75	44.8	-
1964/65	116.0	129.7	27.0	48.4	41.0	76.75	41.0	66.1	46.0	-
1965/66	61.0	118.75	28.0	59.4	41.0	90.9	42.0	63.3	47.0	
1966/67	86.0	192.75	27.0	52.2	40.0	76.0	42.0	58.4	45.0	-
1967/68	91.0	212.2	28.0	51.0	41.0	74.5	37.0	52.5	43.0	-
1968/69	96.0	254.9	29.0	49.2	41.0	47.2	25.0	-	55.0	-

Note: Data quoted from original source. No attempt has been made to resolve arithmetical inaccuracies.

Source: Federal Office of Statistics.

Appendix Table B-5

WESTERN STATE MARKETING BOARD, SOURCES AND APPLICATION OF TOTAL FUNDS, SEPTEMBER 30, 1968

Sources of Funds		Hundreds of Pounds	%
Produce Net Reserves			
Revenue Surplus		97,894	
Provision Reinvestments	4,150		
Total Surplus Funds Account	1,000	5,150	
Total Funds		103,044	100.0
Application of Funds			
Grants to Government		64,263	
Grants to Development and Finance Corporations		850	
Other Cumulative Grants, etc.		2,832	
Loans to Federal Government		-	
Loans to Regional Government		-	
Loans O/S to Regional Development and Finance Corporations		3,574	
Equity Investment in Nigeria Companies		17,386	
Loans		2,810	
U.K. Securities		-	
Federation of Nigeria Securities		-	
Total Application		94,715	
Working Capital		4,269	
Fixed Assets		4,060	
Total Application of Funds		103,004	100.0

Note: Data quoted from original source. No attempt has been made to resolve arithmetical inaccuracies.

Source: Federal Office of Statistics.

Appendix C

ANALYSIS OF NIGERIAN MANUFACTURING

Appendix Table C-1

CHANGE IN GROSS OUTPUT PER DOLLAR
CHANGE IN NET CAPITAL EXPENDITURE

ISIC Code	Industry	Change Ratio Output/ Expenditure	Notes
3111	Meat Products	32.61	
3112	Dairy Products	6.40	
3113	Fruit Canning & Preserving	12	Both decrease
3115	Vegetable Oil Milling	662.44	Both decrease
3116	Grain Mill Products	11.66	
3117	Bakery Products	6.45	
3118, 3119	Sugar & Sugar Confectionery	-13.33	
3121, 3122	Miscellaneous Food Preparation & Animal Feeds	548.2	Increase/decrease
3131, 3133	Spirit Distillery & Beer	3.25	
3134	Soft Drinks	4.00	
3140	Tobacco	12.35	
3211	Textiles	2.64	
3212	Made up Textile Goods (except Wearing Apparel)	-9.66	
3213, 3214	Knitted Goods & Woven Carpet (Knitted Goods only in 1970)	58.74	Both decrease
3220	Wearing Apparel	1.07	Both decrease
3231	Tanning	112.33	
3233	Travel Goods	0.98	Both decrease
3240	Footwear	0.49	Increase/decrease
3311	Saw Milling	17.73	
3320, 3319	Wooden Furniture, Fixtures, Other Wood & Cork Products Not Elsewhere Classified	4.35	Increase/decrease
3412	Containers, Boxes of Paper & Paperboard	33.38	
3419	Paper Products	27.79	
3420	Printing	8.41	
3511, 3512	Basic Industrial Chemicals, Fertilizers & Pesticides	6.35	
3521	Paints	4.92	

(Continued)

Appendix Table C-1
(Continued)

ISIC Code	Industry	Change Ratio Output/ Expenditure	Notes
3522	Drugs & Medicines	7.95	
3523	Soap, Perfumes, Cosmetics & Other Cleaning Preparations	13.76	
3529	Other Chemical Products	2.84	
3540	Products of Petroleum & Coal	7.48	
3551	Tires & Tubes	2.93	
3559	Other Rubber Products	7.09	Both decrease
3560	Plastics Products	98.5	
3610, 3620	Pottery & Glass Products	4.88	Both decrease
3691	Bricks & Tiles	3.18	
3692	Cement	1.00	
3699	Concrete Products	9.93	
3720, 3811	Basic Metal, Cutlery, Hand Tools & General Hardware	-26.47	
3812	Metal Furniture & Fixtures	1.66	
3813	Structural Metal Products	5.95	
3819	Fabricated Metal Products	14.34	
3822, 3824	Manufacture of Agri. & Spec. Industrial Machinery	8.48	
3829	Machinery & Equipment (except Elec.) Not Elsewhere Classified	-72	
3832	Manufacture of Radio, TV & Comm. Equipment & Apparatus	-5.90	
3833, 3839	Mf. of Household Electrical Apparatus & Other Elec. Supplies Not Elsewhere Classified	-15.37	Increase/decrease
3841 3843	Transport Equip., Motor Body & Ship Building	22	
3853, 3901	Manufacture of Watches & Clocks & Jewelleries	27.75	
3909	Manufacturing Industries Not Elsewhere Classified	8.01	Increase/decrease
	Totals	3.75	

Source: Derived from Appendix Tables A-1(a) and A-1(b).

Appendix Table C-2

RELATIVE EFFICIENCY,
NIGERIAN MANUFACTURING[a]

Industry Group	1965	1971	1972
Meat Products	1.67	0.69	1.14
Dairy Products	1.33	0.5	0.75
Fruit Canning & Preserving	-	-	-
Vegetable Oil Milling	1.17	1.32	2.31
Grain Mill Products	0.24	0.42	0.59
Bakery Products	1.79	2.54	3
Sugar & Sugar Confectionery	3.18	2	1.03
Miscellaneous Food Preparation & Animal Feeds	0.22	0.63	1.33
Spirit Distillery & Beer	0.21	0.17	0.20
Soft Drinks	0.77	0.38	0.33
Tobacco	-	0.30	0.29
Textiles	1.39	1.29	1.75
Made up Textile Goods (except Wearing Apparel)	2.1	2.45	1.91
Knitted Goods & Woven Carpet	-	3.25	1.44
Wearing Apparel	1.50	3.67	0.80
Tanning	0.88	1.50	1.20
Travel Goods	2.00	-	-
Footwear	1.46	1.82	.67
Saw Milling	4.14	3.19	2.35
Wooden Furniture & Fixtures & Other Wood Products	2.00	6.17	3.5
Containers, Boxes of Paper & Paperboard	-	1.43	1.00
Paper Products	1	1.43	0.90
Printing	2.32	1.80	2.31
Basic Ind. Chemicals, Fertilizers & Pesticides	0.5	0.36	0.5
Paints	0.4	0.56	0.45
Drugs & Medicines	-	1.50	1.00
Soaps, Perfumes, Cosmetics & Other Cleaning Preparations	-	0.52	0.57
Other Chemical Products	0.67	1.00	1.00
Products of Petroleum & Coal	-	26.67	0.03

(Continued)

Appendix Table C-2
(Continued)

Industry Group	1965	1971	1972
Tires & Tubes	0.78	0.52	0.75
Other Rubber Products	-	5.8	2.8
Plastics Products	1.11	1.85	1.85
Pottery & Glass Products	2.0	2.20	3.00
Bricks & Tiles	-	2.00	4.00
Cement	0.7	0.95	0.73
Concrete Products	-	2.14	1.06
Basic Metal, Cutlery, Hand Tools & General Hardware	1.19	1.78	0.80
Metal Furniture & Fixtures	-	1.83	2.07
Structural Metal Products	-	1.35	1.35
Fabricated Metal Products	-	1.49	0.66
Manufacture of Agricultural & Special Ind. Machinery	-	2.00	1.00
Machinery & Equipment except Electrical			
Manufacture of Radio, TV & Communications Equip.	-	0.71	0.75
Manufacture of Household Electrical Apparatus & Supplies	0.9	2.0	1.75
Transport Equipment, Motor Body & Ship Building & Repair	1.47	2.0	-
Manufacture of Watches & Clocks & Jewelleries	-	2.0	-
Manufacturing Industry Not Elsewhere Classified	0.95	2.17	2.40

[a] Measured as percent of value added by manufacturing dividend by percent of manufacturing employment.

Source: Federal Republic of Nigeria, Central Planning Office, Third National Development Plan, 1975-80, Vol. I, Lagos (no date).

Appendix D

SMALL-SCALE INDUSTRY IN THE WESTERN STATE OF NIGERIA

Appendix Table D-1

SMALL-SCALE INDUSTRY IN THE WESTERN STATE OF NIGERIA

Industry	Distribution of Industries in 49 Towns or Villages, Western State	Type of Ownership in 24 Divisional Capitals				Capital Investment per Person Employed (pounds)
		Sole Entrepreneur	Partnership	Cooperative	Registered Company	
Baking & Bakery Products	99	88	3	-	1	304.3
Bicycle Repairing	694	583	1	-	1	35.4
Blacksmithing	405	334	4	-	-	41.1
Boatmaking	3	3	-	-	-	32.3
Brewing	6	4	-	-	-	153.0
Brickmaking	247	246	-	-	-	22.6
Carpentry	1,515	1,345	20	-	5	141.8
Carving	12	10	-	-	-	36.0
Dyeing	32	23	-	-	-	7.0
Electricals	408	387	6	-	-	35.6
Furniture Making	120	116	2	-	2	153.7
Goldsmithing	776	700	1	-	-	137.1
Grainmilling	193	174	-	-	-	100.8
Knitting	34	34	-	-	-	34.1
Leatherworks	19	19	-	-	-	54.2
Motor Vehicle Repairing	739	646	33	-	1	120.0
Pottery	56	57	-	-	-	5.7
Printing	245	222	1	-	-	386.9

(Continued)

Appendix Table D-1 (Continued)

Industry	Distribution of Industries in 49 Towns or Villages, Western State	Sole Entrepreneur	Partnership	Cooperative	Registered Company	Capital Investment per Person Employed (pounds)
Rubber Processing	1	1	-	-	-	125.0
Tailoring	7,907	6,793	19	1	2	27.0
Shoemaking	639	561	4	2	-	112.6
Watch Repairing	312	281	-	-	-	75.7
Weaving	539	491	3	1	-	30.0
Welding	215	175	11	-	-	1,212.0
Saw Milling	59	56	3	-	-	n.a.
Miscellaneous	120	121	-	-	-	n.a.
All Industries	15,266	13,466	111	4	12	257.5 (est.)
Total Employees or Apprentices, including Entrepreneurs		34,693	950	55	95	

Note: Data quoted from original source. No attempt has been made to resolve minor arithmetical inaccuracies.

Source: University of Ife, Industrial Research Unit, Small-Scale Industries: Western State of Nigeria, Ile-Ife, March 1972.