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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

REPORT
of
EXPLORATORY MISSION
to
NIGERIA

June 3, 1953

Technical Assistance and Liaison Staff

CONFIDENTIAL

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STAFF LOAN COMMITTEE

Memorandum from Department of
Operations--Europe, Africa and Australasia

Report of the Exploratory Mission to Nigeria

1. The attached report of the Bank's exploratory mission to Nigeria is circulated for your consideration. The purpose of this mission was to examine the desirability of organizing a general survey mission for Nigeria and it concludes that such a survey could be of great assistance to the country in its present stage of development.
2. It does not appear that there is any new point of principle involved in a decision on this matter and, therefore, unless members of the Committee desire to discuss the report specifically, I would suggest that a formal meeting is not necessary.
3. I recommend therefore that the Nigerian Government and the British Colonial Office be informed of the Bank's readiness to organize a general survey mission along the lines suggested in this report.
4. If members of the Committee agree to this procedure, or if they wish to raise any points for discussion, would they please inform me by the close of business on Tuesday, June 9.

A. S. G. Hoar
Director

June 3, 1953

REPORT OF EXPLORATORY MISSION TO NIGERIA

Origin of the Mission

In October 1952, the United Kingdom Colonial Office informed the Bank that the Government of Nigeria was considering a request to the Bank for a general survey mission. In November 1952, Mr. B. B. King discussed this request with officials at the Colonial Office and in Nigeria. Mr. King's report was considered by the Staff Loan Committee in January 1953, and it was agreed that a small preparatory mission would be sent to Nigeria, if requested, to discuss plans for a possible survey mission. A request for such a preparatory mission was received from the Government of Nigeria in March.

Activities of the Mission

A mission, consisting of Messrs. Patterson H. French (Technical Assistance and Liaison Staff), John H. Adler (Economic Staff), Walter J. Armstrong (Department of Technical Operations), and Professor John F. V. Phillips (Consultant on Agriculture), was in Nigeria from May 3 to May 16. On the way to and from Nigeria the Bank members of the mission talked with officials of the Colonial Office and the Nigeria Office in London. Professor Phillips joined the group in Nigeria; the present report embodies his recommendations made to the mission there.

In addition to their work in Lagos, members of the mission visited the three regional capitals and Kano, principal city of the northern region. They conferred at some length with the Governor, the three regional Lieutenant Governors, and ministers, senior officials, political leaders, and members of the business community both in Lagos and in the regional capitals.

General Background

Nigeria, officially called the Colony and Protectorate of Nigeria and the Trust Territory of the Cameroons, is, with an area of 370,000 square miles, by far the largest British colonial possession and, with a population of over 30 million, the most populous political entity in Africa. The population is entirely African with the exception of about 12,500 people, mainly British, of whom around 4,000 are in government service.

The native population is divided into tribes or tribal groups with a variety of languages and dialects. These groups are important in relation to local government and they present various problems in connection with such matters as land tenure and government on a central or regional scale. The northern part of the country with more than two thirds of the area and 60% of the population is almost entirely Moslem, while tribal religions, on which Christianity has been superimposed to some extent, prevail in the south. The country's economy is primarily agricultural, the principal exports being cocoa, palm oil and palm kernels, groundnuts, and cotton.

Political Background

By natural endowment, tribal patterns and political organization, Nigeria is divided into three regions. The Western Region, covering the southwestern part of the country, is the most densely populated area and is economically and politically farthest advanced. The Eastern Region, embracing the southeastern part of the country from the eastern part of the Niger delta to the southern part of the Cameroons, consists largely of swamp land, dense forests, and areas of humid tropical vegetation. It is populated by a large number of different tribes and is backward in native political organization. The Northern Region, larger than the two others

combined, has a more arid climate and light, sandy soils which contribute to the prevailing low living standards. It is subdivided into numerous Emirates where the Moslem local authorities enjoy a high degree of administrative autonomy.

The Nigerians obtained a considerable measure of self-government under the constitution promulgated in 1950. All adult taxpayers - in the north, male only - can vote. Regional legislatures are chosen through an indirect electoral system and these legislatures send a number of their members to form the central House of Representatives. In the Western and Northern Regions there are also Houses of Chiefs consisting of tribal chiefs in the west and emirs and other dignitaries in the north.

There is a central Council of Ministers composed of the Governor, the Chief Secretary, the Lieutenant Governors of the three regions, the Attorney-General, the Financial Secretary, and twelve ministers (four from each region) chosen by the central House of Representatives. There are also regional Executive Councils made up of a majority of ministers chosen by the regional legislatures but including the Lieutenant Governor and the principal British administrative officials. Ministers serve as heads of the various government departments, supported by permanent administrative officials who are, almost without exception, European in the higher and intermediate brackets.

Local government is handled through Native Administrations, most highly developed in the north and comparatively primitive in the east.

Governmental powers and functions are distributed among these units according to a pattern that is complex and not altogether clear. The central legislature has powers of legislation on all subjects, while regional

legislatures can deal with a prescribed range of subjects. The central Council of Ministers can give directions on any subject to regional executive councils and must assent to bills passed by regional legislatures. The Native Administrations deal with a variety of local services.

The present "constitutional crisis," the term applied officially and in the press to the political tension of recent months, came to a head at the last meeting of the central House of Representatives when the political leaders of the Northern Region refused to endorse the demands of the other two regions for "self-government in 1956," the year when the present constitution was to be reviewed. The north's reason for refusal was a fear of control by southern political leaders; in fact, they probably prefer partition of the country or British rule with its benign self-restraint and its hands-off attitude in local affairs to the rule of impatient innovators of the south. This attitude is the issue underlying the recent riots in Kano in the Northern Region where Moslems from the north clashed with new immigrant settlers from the south.

In the Western Region, also, strong tendencies toward regional rather than national advancement prevail, but for reasons other than those operative in the north. Western political leaders argue that the economic and political advancement of their region must not be held back by the lack of political organization, education and progressive leadership in the north and the east. The majority party of the Eastern Region, although committed to a policy of national unity and national self-government, likewise is forced to emphasize regional interests by the very fact that its political strength is concentrated in the east.

In connection with the movement to obtain complete self-government in 1956, the ministers representing the Western Region and the majority party of the west, the Action Party, resigned several weeks ago. The status of the ministers from the Eastern Region is somewhat uncertain, since as a result of political complications there the regional legislature was dissolved and new elections were ordered, to be held this summer.

The probable result of the present political situation will be a revision of the constitution, under which the regions will probably obtain much more independence of the central authorities. The regional differences and the increased independence of the regions will present special problems to the proposed survey mission since any program, to be politically acceptable, will have to take account of specific regional interests and spell out in some detail recommendations regarding the division of authority in developmental matters between the central and regional authorities.

The present political tendencies should not present, however, a major obstacle to the mission's success. The invitation of the Nigerian Government to send a survey mission from the Bank has the full support of all Nigerian political parties as well as that of the British officials. It was extended after a unanimous vote of the central House of Representatives with the encouragement of the colonial officials. From the point of view of the African political leaders and of colonial officials, a survey of the developmental possibilities of Nigeria and assistance in the drawing up of a development program by a disinterested group of experts appears eminently desirable, since it is generally conceded that reorganization and improvement of the developmental activities of the government and its agencies are necessary.

The State of Economic Development Planning

A ten-year "development program" was prepared to implement the Colonial Development and Welfare Act of 1945 and was brought up to date in 1950. It was actually not a development program at all but was rather a conglomeration of proposals for expanded government activities involving heavy expenditures on education and health with some funds allocated for such fields as research, transportation and technical training. Even this program has lagged, partly because of the difficulty of obtaining competent European and Nigerian personnel.

For the time being, financial resources for development activities appear ample. In the last few years, appropriations from tax revenues and from grants from the United Kingdom have not been fully used with the result that local, regional and central authorities hold substantial cash balances although the need for a major development effort has been generally recognized. In addition, the marketing boards which control the exports of all important agricultural commodities (cocoa, palm oil, palm kernels, groundnuts and cotton) have acquired large cash surpluses, part of which are available to finance development activities. In turn, the marketing boards have financed regional production development boards which have so far disbursed only a small proportion of their resources although most of their funds have been allocated for development projects; these allocations might be subject to reconsideration in line with the recommendations of a Bank mission.

A decline in export earnings, if prices of the export commodities should fall, would cause a drop in tax revenues and would adversely affect the financial position of the marketing boards which would no longer be in

a position to support the activities of the regional production development boards. On the other hand, Nigeria has secured an understanding from the Capital Issue Committee in London that access may be obtained to the London capital market for issues totalling £43 million.

Nevertheless, an investigation of the fiscal system and proposals for its improvement appear advisable and necessary. One fiscal problem in need of special attention is the distribution of revenues between the central and regional authorities. This problem was the subject of a previous investigation and an elaborate report is available. The mission was informed, however, that the recommendations of the report proved impracticable and that a reconsideration of the present scheme is considered necessary.

Principal Areas of Mission Study

In addition to broad economic and financial problems, the mission believes that the proposed survey should cover all major sectors of the economy with the main emphasis on transportation, agriculture, and the development of industries. As the following paragraphs will show, substantial steps toward development can and should be made along many lines, and a mission report could be a useful instrument in bringing about appropriate action.

1. Transportation

It is generally recognized, and it was immediately obvious to the mission, that deficiencies in transport now constitute one of the major obstacles to development. The railroad, owned by the government and operated by an autonomous government agency, provides inadequate services. For instance, much of the groundnut crop piles up each year in the form of picturesque peanut pyramids at various railheads in the northern region, the

carry-over being reduced only in years of poor crops. While some attempt has been made to improve and expand the road network, the road construction program is lagging badly and needs a thorough review. Inland water transport appears to have received inadequate attention as a possibly important supplement to roads and railroads. Some progress has been made in the improvement of port facilities at Lagos and at other ocean ports, but the expansion of port facilities in conjunction with railroad and road improvements appears necessary.

It is recommended that the survey mission include a broadly competent transport expert to study over-all transport needs and ways of meeting them. In addition, consultants should be employed, if needed, for shorter periods of time, probably one to two months, to advise on technical problems of railroad equipment and management, inland waterways, and road construction.

2. Agriculture

At least 90% of the population of Nigeria is engaged in agriculture. In the two southern regions the main agricultural products for domestic consumption are yams and cassava which form the main diet of the native population, while cocoa, palm oil and palm kernels are the most important export crops. In some areas, the production of rubber, tobacco, rice and citrus fruit has begun in recent years. In the north the main food crops are sorghum and millet; the major export crops are peanuts and cotton. Cattle raising is confined to the northern region since most areas in the south are infested with the tsetse fly.

Throughout the country, production methods are primitive and hoe cultivation is prevalent. Tribal practices of land tenure result in uniformly small land holdings and create special problems in connection with large-scale cultivation, settlement, mechanization, and cooperative farming.

Under the Colonial Development and Welfare Act agricultural experimentation has been greatly expanded but so far the results of research and experimentation have not made any significant impact on agricultural production methods. Attention should be given to all of the major aspects of agricultural development including: agricultural research, education and extension; credit and marketing; improvement of crops and farming methods; irrigation and water supplies; land tenure; land use and conservation; livestock and pasture management; storage and processing; forest products; and fisheries.

It is recommended that the mission include an expert on agricultural production and an agricultural economist, supplemented by shorter-term consultants as may be necessary in special fields. The mission's industrial engineer would be called upon for assistance on such problems as mechanization, storage and processing.

In preparation for the mission's work, studies should be made by the Bank of the long-term economic prospects of palm oils, groundnuts, cocoa, cotton, wood pulp, and hardboard products.

3. Industries

Industrialization has become a matter of great public and political interest in Nigeria. Indeed, the government's original approach to the Bank was for a mission to advise on industrialization of the country. There is no clear idea, however, of what "industrialization" means or how to plan for it.

Aside from a plywood factory operated by the United Africa Company and a cigarette factory owned by the British American Tobacco Company, there are no large-scale manufacturing enterprises in Nigeria. The development

boards have started operating cotton gins, oil presses and rice mills, but these have not gone beyond pilot schemes for the most part. There have been discussions of setting up plants for cement and textiles, but final decisions have not yet been made. The various political and government authorities are most anxious to secure an objective appraisal of these possibilities and it is therefore recommended that the survey mission include an industrial engineer.

4. Mineral Resources

While mineral resources may not represent a major factor in the Nigerian economy, there are several items that need to be studied. There is sufficient coal at least to take care of local needs and tin is mined for shipment abroad. The Shell Oil Company is now making exploratory drillings for oil. The American Smelting and Refining Company explored the feasibility of opening up lead and zinc deposits but discontinued its operations last year. The Geological Survey of the government has located deposits of coal, lignite, iron ore, columbite and limestone in commercially attractive quantities and grades. The exploitation of these deposits has been impeded by various factors, including technical problems and inadequate transportation, and an expert on the utilization of mineral resources would therefore be desirable on the survey mission. It would be desirable, if possible, to select an expert who would be qualified to deal also with underground water supplies.

In preparation for the mission's work, studies should be made by the Bank of the long-term economic prospects of tin, lead, and zinc.

5. Education, Public Health, and Social Services

While the literacy rate is still low, probably less than 5%, the most important result of the Colonial Development and Welfare Scheme is a substantial increase in primary education in the western and eastern regions. Most of this education is given by mission schools, which receive government subsidies. The northern region is backward, with only 110,000 children out of a population of 18 million enrolled in schools. The amount of secondary and college education is quite small. Technical education and training in the trades has been neglected.

In the field of medical care, the availability of Colonial Development and Welfare grants has made it possible to extend hospital and clinic facilities and to undertake programs in such fields as preventive health measures and sanitation.

Little or nothing has been done in the field of housing and government officials do not consider it high in relative importance.

Specialized technical advice in these areas is probably not needed. The government needs advice, however, on the size and emphasis of its programs and on how to organize and coordinate its activities. An expert trained in the planning and administration of such programs would be desirable on the survey mission.

6. Other Related Fields

There are various subjects which are part of, or related to, the preceding fields that will need attention by a survey mission. In some cases, one of the regular mission members will be able to cover one or more of these subjects; in other cases it is recommended that specialists be included for

whatever amount of time, probably one to two months, may prove to be necessary. Several possible fields for such short-time assistance are found in agriculture and transportation. Another subject that may well need specialized attention is that of organization and administration of a coordinated development program, with particular reference to the general pattern of decentralization within which the Nigerian program will have to function. An expert with a broad background of public administration may be needed for this assignment.

Terms of Reference and Composition
of the Survey Mission

The preliminary mission discussed in some detail the scope, terms of reference and composition of a survey mission with officials of the Nigerian Government. It submitted to the Minister of Commerce and Industry a memorandum in which it presented its views on the terms of reference which the mission should have and the fields which would be covered by it. The memorandum was discussed at a meeting of the Nigerian Cabinet to which the mission was invited. The Cabinet expressed its agreement with the suggested terms of reference and decided to formalize its request for a general survey mission as soon as the Bank indicated its willingness to send a mission to Nigeria.

The tentative plan was also discussed with officials of the Colonial Office in London. They expressed their general approval of those arrangements and promised their full cooperation.

It is recommended that the general survey mission have the following terms of reference:

The purpose of the mission would be:

- (i) To assess the internal and external resources, natural, human and financial, available for future economic development;
- (ii) To study the possibilities for development in the major sectors of the economy, including among others, industry, agriculture, transport and communications, fuel and power, mineral resources, water resources, banking and credit, and education and other social services;
- (iii) In the light of the conclusions reached under items (i) and (ii), to make recommendations as to practical steps to be taken for economic development. These would include recommendations as to the amounts of available resources, public and private, to be apportioned to each of the principal sectors of the economy and the timing and coordination of developmental activities.

It is further recommended that the composition of the mission be as follows:

- One mission chief
- One general assistant to the mission chief
- Two economists
- One industrial engineer
- One expert on transportation
- One expert on mineral resources
- Two agricultural experts
- One expert in education, public health and social services
- One secretary

In addition to these members, it is recommended that consultants be employed for shorter periods as discussed earlier in this report. These consultants would not come to Washington for briefing, but would go direct to Nigeria at such time as would be most useful to the mission. They would

make their recommendations, and if possible their reports, before leaving Nigeria and would not return to Washington with the mission for the report-writing stage.

The particular fields in which these supplementary experts will be needed will depend somewhat on the qualifications of the regular mission members and perhaps even on special needs that develop after the mission reaches Nigeria. It might be expected that four to six experts would be needed from the following list:

- Railroad management and railroad equipment
- Inland waterways
- Highway engineering
- Irrigation and drainage
- Soil conservation
- Fisheries
- Forestry and forest products
- Vocational and technical training
- Public administration

As mentioned in the sections on agriculture and mineral resources above, it would be helpful to the mission if Bank staff could make a review, in advance of the mission's work, of the long-range economic prospects for palm oils, groundnuts, cocoa, cotton, wood pulp, hardboard products, tin, lead, and zinc.

Administrative Arrangements

The survey mission would need to spend about three months in Nigeria after the usual briefing period in Washington. It is recommended that they assemble in Washington as early as possible in September and spend the period from middle or late September until shortly before Christmas in Nigeria, reconvening in Washington in January for report writing.

As to the administration and financial arrangements of the mission,

the Nigerian Government expressed its willingness to accept our standard pattern whereby it will pay half the salaries of consultants recruited outside the Bank, plus all local expenses. Arrangements for the housing, office space and local transportation, and for the payment of local expenses were discussed with Nigerian officials and do not appear to present any special problems.

Conclusion

The exploratory mission believes that it would be useful for the Bank to send a general survey mission to Nigeria, organized along the lines described above.

Patterson H. French
John H. Adler
Walter J. Armstrong