CENTRAL DEVELOPMENT BANKING AND INDUSTRIAL DEVELOPMENT IN NIGERIA: THE ROLE OF NIDB IN A REGIONAL DEVELOPMENT PERSPECTIVE

by

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ABSTRACT

The objectives of the study reflect some of the problems and policy objectives of Nigeria's industrial development planning since the early 1970's, especially the concern to evolve a more balanced industrial output structure and more important, the objective of evolving a more balanced regional pattern of development amongst the country's 19 state units. The study assesses, for the 1964-1980 period, the degree to which the financing patterns of the country's most important industrial finance institution, the Nigerian Industrial Development Bank (NIDB), have been consistent with these national industrial development objectives.

The relevant data was assembled in Nigeria primarily within the first nine months of 1981 and have been analyzed particularly for two points in time, 1974 and 1980, in order to identify relevant trends or changes.

There are two basic dimensions and levels to the analyses, a temporal and structural dimension at the national level and a regional/spatial dimension at the state level. In general, the specific analyses feature correlation and concentration indices. Such conceptual notions as divergence/convergence, circular and cumulative causation processes as well as the capital- shortage illusion theses provide the theoretical frame of reference at appropriate stages.

The relationships and conclusions elicited from the national-level analyses reflect the dimensions involved. The temporal analysis

reveals that:

(a) the proportion of Nigerian manufacturing establishments which received NIDB financing increased unsteadily from 5.7 per cent in 1965 to 13.0 per cent in 1980;

(b) the employment in the NIDB-financed enterprises or establishments similarly increased from 12.6 per cent of total national manufactural employment in 1965 to 30.2 per cent in 1980; and

(c) the proportion of paid-up capital in manufacturing constituted by NIDB total financing rose from 4.5 to 18.8 per cent.

The highly significant temporal correlation of 0.906 between paid-up capital in manufacturing and NIDB financing was therefore not surprising. This and other indices warranted the conclusion that national manufacturing has been increasing as the bank's financing increased over the study period.

The structural analyses revealed that Nigerian industrial output structure still remained unbalanced by 1980. However, NIDB's financing patterns, especially in the in-between period (1975-1980) showed a clear tendency to favour industry-type groups which were relatively depressed in the early 1970's. Thus, the correlation coefficients for the in-between period were either negative or very low. Thus, the bank's financing patterns reveal an effort in the direction of balancing industrial output structure.

The regional (state-level) analyses reveal an incipient trend towards convergence between 1974 and 1980 for manufacturing generally. The regional distribution of the bank's funds shows an even clearer pattern towards inducing convergence by favouring regional units ranking relatively low on national manufacturing in the 1974-1980 period. Nevertheless, the rank-difference analysis of the 1974 and 1980 patterns of Nigerian manufacturing reveals that polarization still continued as the resulting coefficient is not significant and the corresponding null hypothesis of "no difference" has to be upheld. The importance of private-sector industrial investment in diluting NIDB's convergence-prone efforts is pointed out and the need for incentive measures is indicated.

A divergent pattern is revealed by the analysis of NIDB's "favouritism" to regional state units and not all states needing "favoured" treatment (those ranking least on shares of national manufacturing) perform well on all three criteria used. Apparently, NIDB's consistent adherence to its convergence-prone stance into the future, coupled with incentive-based changes in the pattern of private-sector investment would be needed if the regional pattern (which still remains essentially polarized) is to change significantly towards balance. Internal regional efforts would also be important. The establishment by NIDB of "area administration" and liaison offices all over the country between the early 1970's and 1980 further suggests the bank's continuing commitment to furthering, in the industrial sector, the national objective of even development.

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CHAPTER ONE

THE PROBLEM, ITS CONTEXTS, AND OBJECTIVES

Although the domain of investment-capital supply is just one of the several areas in which developing (and some developed) countries experience developmental and/or growth problems, it is the one particular dimension with which this study is most closely associated. More specifically, the basic intent here is to elicit the impact which Nigeria's most important development bank, the Nigerian Industrial Development Bank Limited (NIDB), has had on the extent and pattern of Nigerian industrialization since its inception in 1964 up to 1980.

As discussed below, the use of development banking as a tool for nurturing capital formation and economic development is primarily a phenomenon of the period since World War II. Further, elaborate diagnoses and analyses of the nature of economic development (nationally and regionally) and the variables and relationships which have made development difficult and slow in less developed countries (LDCs) were activities that engaged much intellectual attention and talent especially in the 1950s and the 1960s.[1] It is therefore not surprising that the innovation of development banking went through its most rapid diffusion phase in those two decades. Also, while the "engineering" of development in LDCs has involved the use of diverse tools of public policy and innovative

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[1]See the extended review in Joseph O. Akintola, The Pattern of Growth in Manufacturing in Southwestern Nigeria 1956-1971 and the Role of Direct Public Policy in that Growth, (Boston: Ph.D. Dissertation, Boston University Graduate School, 1975), pp. 4-45.

adaptations and strategies still continue, the identification of the basic issue of capital funds for investment and the recognition of the potential role of development banks in that problem area remain part of the most significant insights provided by the flurry of development-oriented intellectual activities of the 1960s. It is thus rather natural that the general rationale and justification for development banking find the most eloquent expression during the period in which most development banks got established, and even beyond into the 1970s. This rationale or justification could be briefly summarized at this initial stage.

I.1: The Issue of Investment-Capital Shortage

The lack of insufficient funds for entrepreneural investment which has been widely recognized for LDCs since the 1950s and 1960s affects public (government) development projects as well as private ventures. In fact, the low level of investment-capital availability in most LDCs was typically viewed in the 1960s as so pervasive that it formed one of the main components of the "Vicious Circle of Poverty" which Mountjoy identified as a basic feature of developing lands.[2] In view of the prevailing circular relationship between low income, low buying power and low savings, low rate of capital formation or investment and low productivity, Nurkse has similarly observed that a developing country is poor because it is poor.[3] Thus, notwithstanding the argument by Schatz,

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[2]Alan B. Mountjoy, Industrialization and Underdeveloped Countries. (Chicago: Aldine Publishing Company, 1967), pp. 319-324.

[3]Ragnar Nurkse, "Some International Aspects of the Problem of Economic Development", in The Economics of Underdevelopment edited by Argawala and Singh, (London: Oxford University Press, 1963, Third Reprint, 1973), pp. 257-271.

in his "Capital Shortage Illusion" thesis, that the problem in many LDC's is not so much the lack of capital but the absence or fewness of viable projects in which to invest available capital[4] (which may be true in certain circumstances[5]), it is commonly agreed that LDC's are capital-deficit areas.

As one of the responses to problems associated with capital shortage, governments often resort to external borrowing. Even in economies where unexpected mineral wealth (with its periodic instabilities) has generally ameliorated the situation, arrangements still have to be made to create or increase such entrepreneural activities as could substantially boost employment, the basic mechanism for distributing the wealth in a society. Further, since government cannot exploit all the latent entrepreneural opportunities (at least) in an essentially free-enterprise economy, and since, as the body charged with the public interest, government cannot (and is usually not allowed to) observe with indifference the agony of capital shortage for private enterprise, it has become conventional in developing and many developed countries[6] to establish public or quasi-public financial institutions

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[4]Sayre P. Schatz, Development Bank Lending in Nigeria: The Federal Loans Board. (London: Oxford University Press, 1974), pp. 89-101.

[5]Joseph A. Kane, Development Banking, (Lexington, Massachusetts: D.C. Heath and Company, 1975), pp. 74-76 & 187-188.

[6]See, for example (on the one hand), the 31 sample development banks listed by Joseph A. Kane, Development Banking, Lexington, Mass: D.C. Heath and Company (Lexington Books), 1975, p. xv; and (on the other hand), the 1980 Annual Report of the Canadian Federal Business Development Bank which, until 1975 was known as the Industrial Development Bank.

primarily for the purpose of providing credits (in the form of equity and loans) to private (and often, public) enterprises.

Technically called development banks, such institutions could be all-embracing in their operations, being legally required to grant credits to enterprises in any sector of the economy: agriculture, housing, industry or manufacturing, distributive trade and the like. A more common practice in recent times, however, is to set up such institutions separately for specified sectors so that each functions, for instance, as an agricultural credit institution, a mortgage bank, an industrial finance institution, and so on.

Further, in federal states such as Nigeria, the various levels of government, particularly the state and federal governments, own and operate their own specific or specialized development finance institutions for the benefit of entrepreneurs within their respective areas of jurisdiction.

In the discharge of their duties, such development or credit institutions operate within the framework of social policies or guidelines specified in the legal instruments for their establishment as well as within the broad (and hopefully consistent) policy framework of national planning exercises. In Nigeria, for example, the policy of equity or distribution of public investment funds among component spatial units so as to induce convergence (i.e. reduce disparity) in the levels of development, has become almost a national creed in official national planning circles in recent times. Thus, the two central or federal government-owned industrial credit institutions -- the Nigerian Industrial Development Bank Limited (NIDB, since 1964) and the Nigerian Bank for Commerce and Industry (NBCI, since 1972) -- have, as part of their guidelines, the need to reflect spatial equity (among the states) in the sanctions they make.

I.2: Aims and Objectives

The aim in this work is to study the older of the two central development-finance institutions -- the Nigerian Industrial Development Bank (NIDB) -- which operates fundamentally in the field of industry or manufacturing in Nigeria, primarily to ascertain:

(a) how much its credit activities have contributed to Nigerian industrial development generally;

(b) the extent to which its credit activities have contributed to or mitigated the essentially polarized pattern of industrial development among the component states of the country; and

(c) to elicit, from the analysis, appropriate policy implications for centrally-induced balanced industrial development in Nigeria.

I.3: The More General Context

The last two decades have witnessed an unprecedented degree of intranational and international concerns and discussions regarding the issue of economic growth and development, particularly in the LDC's. Since the mid-1970s, these concerns and discussions have continued to emphasize not so much the need for growth (although that is never absent) but more emphatically the urgent necessity for genuine development involving widespread and deep improvements in the welfare of the masses in LDC's through an induced system of diffused income-generating employment that enables the general masses, rather than minority elites alone, to share in the benefits of economic growth.[7]

One result of the observation of glaring and growing disparities in welfare at the same time that aggregate national income (GDP or GNP) figures have been showing at least satisfactory growth rates in many developing countries has been to bring into focus for more explicit conceptualization what seemed a point of mere academic interest in the early 1960's: the distinction between economic growth and economic development. Thus, although economists and other social scientists have had differences of opinion as to the exact details of what the definition of economic growth and development should be, they definitely agree that it involves processes by which a nation's aggregate or per capita output is increased on a sustained basis, thereby raising the level of income and generating improvements in the standard of living. But finding it convenient to consider economic development and economic growth as basically synonymous and having essentially similar goals, Meier and Baldwin were still able to conceive economic development as "the process whereby an economy's real national income increases over a long period of time.[8]

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[7]Ozay Mehmet, Economic Planning and Social Justice in Developing Countries. (London: Croom Helm Ltd., 1978).

[8]Gerald M. Meier and Robert E. Baldwin, Economic Development: Theory, History, Policy, (New York: John Wiley & Sons, Inc., 1963), p. 2.

Real national income denotes the value of a country's output of final goods and services with allowances made for depreciation or wastage of machinery and other capital goods used in producing them. Some economists feel that the increase in national income should be at rates higher than those of population growth in order that per capita income would rise. If this happens, economic development would result in economic progress: Ibid, pp. 3-4.

Even during the mid-1960's, however, some scholars had begun to make unambiguous conceptual distinctions between economic development (as embracing both increased output as well as changes in the structure of the economy, especially the institutional and technical apparatuses of production) and economic growth as simply involving increase in aggregate or per capita product. Kindleberger in fact contends that there could be growth without development (citing Kuwait as an example), but not vice versa.[9]

Similarly, while John Friedmann views growth as merely "an expansion of the (economic) system in one or more dimensions without a change in its structure", he regards development as "an innovative process leading to the structural transformation of social systems ...; (and as referring) to the unfolding of the creative possibilities inherent in society. But this can occur only if growth is allowed to pass through a series of successive structural transformations".[10] Perhaps the most persistent and compelling advocate of this distinction in more contemporary times is one of the Third World writers who, probably because of his greater nearness to the scene and the orientation of his theme, finds it necessary to argue anew that "growth" is a narrower idea

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[9] Charles P. Kindleberger, Economic Development, New York: McGraw-Hill Book Company, 1965, pp. 3, 4 and 15; also, Sherman Robinson, "Theories of Economic Growth and Development: Methodology and Content", Economic Development and Cultural Change, vol. 21, October 1972, pp. 54-67, esp. p. 54.

[10] John Friedmann, Urbanization, Planning, and National Development, Beverly Hills: Sage Publications, 1973, p. 45; John Friedmann, "A General Theory of Polarized Development" in Niles M. Hanson (ed.), Growth Centers in Regional Development, New York: The Free Press, 1972, pp. 84-87; see also Henry L. Hunker, Industrial Development, Lexington: Lexington Books, 1974, p. 11.

which refers to the expansion of national income or production usually measured in terms of GNP or GDP, resulting from increased capital formation and input utilization. On the other hand, the broader concept of development is consistently viewed as referring to improvement in the material and social well-being of the whole society, not only incorporating increased per capita income but also requiring "reforms in the institutional or quasi-economic framework such as wider accessibility to educational, health and welfare facilities, greater political participation in the national decision-making process, and a more equitable distribution of the benefits of progress, achieved through economic planning."[11]

These conceptions and particularly the distinctions which have grown sharper with time reflect the growth in awareness of, and experience with dealing with a by-now well-established characteristic of most countries of the world[12] including (perhaps in more pronounced forms) the less developed countries: the widespread incidence of intranational disparities in economic development or well-being both among

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[11] Ozay Mehmet, Economic Planning and Social Justice in Developing Countries, London: Croom Helm Ltd., 1978, p. 175; also, Gunnar Myrdal, "What is Development?" Journal of Economic Issues, Vol. 8, No. 4, December 1964.

[12] See, for example, in connection with Canada, Regional Disparities (Issues for the Seventies) edited by Hugh Innis, Toronto: McGraw-Hill Ryerson Ltd., 1972; in relation to the 24-member Organization for Economic Cooperation and Development, OECD (including all of Western Europe and Anglo-America as well as Australia and Japan), A. Emanuel, Issues of Regional Policies, Paris: OECD, 1973; and in relation to the developing countries (covering case studies in Africa, Asia and Latin America), Ozay Mehmet, Op. Cit, 1978; and Antoni Kuklinski, editor, Regional Policies in Nigeria, India and Brazil, The Hague: The U.N. Research Institute for Social Development (Geneva), Mouton Publishers, 1978.

individuals in the population as well as among component regions of individual countries. However, it is the latter aspect, interregional disparity which has more immediate relevance to this context, although the issue of interpersonal disparity could still be regarded as interdependently present since efforts at reducing interregional divergence can be meaningfully conceived only in relation to people in the subnational units in question.

The regional issue or the phenomenon of regional disparity within nations arises because of the remarkable regularity with which economic development has tended to get concentrated at relatively few points (usually urban centres) within national territories and the incapability of growth to freely (autonomously) diffuse outward on any significant scale to the less developed or declining regions of the country at any spatially significant rates. The consequence has been the emergence of a spatial structure which Friedmann and others have generalized in terms of a centre-periphery dichotomy.[13]

The phenomenon of growing (urban) centres coupled with lagging or declining peripheries and the desire to ameliorate the situation gave rise to the growth pole concept which, after the rather confused interpretations which followed its original formulation by Perroux,[14] came to be generally viewed as "an urban centre of economic activity which can achieve self-sustaining growth to the point that growth is

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[13] John Friedman, Regional Development Policy: A Case Study of Venezuela, Cambridge: The M.I.T. Press, 1966, p. 7.

[14] Francois Perroux, "Economic Space: Theory and Applications" Quarterly Journal of Economics, vol. 64, Feb. 1950, reprinted in J. Friedmann and W. Alonso (eds.), Regional Development and Planning: A Reader, Cambridge: The M.I.T. Press, 1964, pp. 21-36; D.F. Darwent, "Growth Poles and Growth Centers in Regional Planning" Environment and Planning, vol. 1, Aug. 1969, pp. 5-32.

diffused outward into the pole region and eventually beyond into the less developed region of the nation."[15]

Attempts to incorporate the growth pole concept into regional planning schemes by concentrating investment in chosen centres in lagging regions with the hope not only of reaping scale and agglomeration economies but also of diverting migrants from large congested urban areas gained currency as regional planning strategies in many countries of the world. Such policy-inspired attempts have not, however, been known to meet with any remarkable success mainly because of the highly complex difficulty of simulating in lagging regions the varied and complex circumstances (including time) on which the apparently sustained growth of large urban areas depend.[16] In fact, traditional concepts have come under such recent attacks in a number of respects, especially from Marxian analysts who question explicit spatial/regional concerns, the role of the state as well as the appropriateness of the conventional top-down approach to development planning matters that the issues raised could not be ignored. These relevant lines of development should therefore be examined briefly.

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[15] Vidal Nichols, "Growth Poles: An Evaluation of their Propulsive Effects", Environment and Planning, Vol. 1, Aug. 1969, pp. 95-122.

[16] Niles M. Hansen, "Criteria for a Growth Centre Policy" in Growth Poles and Growth Centres in Regional Planning edited by Antoni Kuklinski, The Hague: Mouton Publishers, 1972, pp. 103-124; see also the review in Jeremy Alden and Robert Morgan, Regional Planning: A Comprehensive View, New York: John Wiley and Sons, 1974, esp. pp. 72-73.

I.3.1: Marxist Analysis and Relevant Planning Issues

The spatial issue is discussed first. In their conern to give primacy to the analysis of social-class conflicts in the process of capitalist development, Marxist scholars have been evolving a rigidifying orthodoxy which views spatiality in all its connotations and denotations as mere epiphenomenal fetishism that attempts to use "place prosperity" as proxy for "people prosperity".[17] On the other hand, it has been cogently argued that both in its urban and regional dimensions, the spatial problematic, while not a substitute for class analysis, could be "an integral and increasingly salient element in class consciousness and class struggle within contemporary capitalism."[18] The problem is the ideological reluctance among Marxist analysts to give explicit recognition to the seemingly obvious idea which is evident even in their own analyses: that social and spatial processes generate mutually reflexive structures.

Soja's elaborate review and synthesis of the relevant literature has identified three internally conflicting and self-defeating positions regarding spatiality among Marxian analysts, some of whom "maintain

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[17] See the review of this issue in the context of regional development in Gordon L. Clark, Equity, Justice and Regional Impact of National Policy: Three Evaluative Criteria, (Cambridge: Department of City and Regional Planning, Harvard University, May 1979), pp. 5-10; see also Clyde Weaver, "Development Theory and the Regional Question: A Critique of Spatial Planning and Its Detractors" in Development from Above or Below? edited by Walter B. Stohr and Fraser Taylor, (Chichester: John Wiley & Sons, 1981), pp. 85-86.

[18] Edward W. Soja, "The Socio-Spatial Dialectic", Annals of the Association of American Geographers, Vol. 70, No. 2, June 1980, p. 207.

the preeminence of aspatial social class definitions ... to the point of tortuously trying to resist the implications of their own observations, emphasis, and analysis."[19] Here, "spatiality" is not used in the abstract, externalized sense but in that in which it is ordinarily used in planning and related contexts as "the socially produced organization of space ... (including) the form, content, and distributional pattern of the built environment, the relative location of centres of production and consumption, the political organization of space into territorial jurisdictions, the uneven geographical distribution of income and employment, and the ideological attachments to locational symbols and images, ... (all of which are) rooted in a social origin and filled with social meaning."[20]

The asserted empirical point is

> that social and spatial relationships are dialectically inter-reactive, interdependent; that the social relations of production are both space-forming and space contingent (insofar as we maintain a view of organized space as socially constructed).[21]

Thus, in the context of geographically uneven development and in response to the related aspatial stance of Marxist analyses on socio-spatial capitalist formations, the point is

> not simply that capitalist development is geographically uneven, for some geographical unevenness is the result of every social process, but that the capitalist mode of production actively creates, intensifies, and seeks to maintain regional or, more broadly, spatial inequalities as a means for its own survival. At the same time, the

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[19] Edward W. Soja, Ibid., p. 211.

[20] Edward W. Soja, Op. Cit., p. 210.

[21] Edward W. Soja, Op. Cit., p. 211 (parenthesis in the original).

> continuing expansion of capitalism is accompanied by countervailing tendencies toward increasing homogenization and reduction of geographical differences. This dialectical tension between differentiation and equalization is the underlying dynamic of the uneven development process. To ignore the inherent horizontality of unequal development -- to see only the vertical differentiation of sectors, branches, firms -- is to remain in an incomplete, overly abstracted, and nondialectical Marxism, incapable of fully comprehending (and changing) the history of the capitalist mode of production."[22]

It has, however, been contended that while regional disparity is an empirically observable characteristic of capitalist economies, its existence "is not a necessary requirement for the perpetuation of capitalism."[23] Nevertheless, it could be added that the dialectical process reflected in spatio-temporal differentiations which subsequently yield place (albeit grudgingly) to increased homogenization has been conventionally (over the last three decades) identified as the fortuitous resolution of backwash/polarization and spread/trickle-down effects.[24] In view of the private entrepreneural and individual self-interest which underlies the accumulative reproduction of capital and the relations of

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[22] E.W. Soja, Op. Cit., p. 221.

[23] Gordon L. Clark, "Capitalism and Regional Inequality", Annals of the Association of American Geographers, Vol. 70, No. 2, June 1980, p. 226.

[24] Myrdal, Gunnar, Rich Lands and Poor: The Road to World Prosperity, (New York: Harper and Brothers, Publishers, 1957), pp. 16-31; Myrdal, Gunnar, Asian Drama: An Inquiry into the Poverty of Nations, An Abridgement by Seth S. King of the Twentieth Century Fund Study, (New York: Pantheon Books); Hirschman, Albert O. The Strategy of Economic Development (New Haven: Yale University Press, 1958), Chapter 4; see particuarly the review/synthesis of these ideas by Keeble, D.E. "Models of Economic Development" in Models in Geography edited by R.J. Chorley and Peter Haggett (London: Methuen & Co. Ltd., 1967), pp. 258-266.

production, the fortuitousness and indefinite time horizon with (and in) which the socio-spatial process (guided by failure-ridden, "free-market" forces[25]) resolves itself have been major reasons for theoretically neutral and purposeful public intervention or planning aimed at making the direction and pace of development more predictable. As has been remarked, "If our past has been one of coincidence and accident mixed with rational thought, our future must be one of rational thought prevailing over coincidence and accident."[26]

Apart from the general empirical developmental processes from which the refutation of Marxian aspatial predispositions (with all its ambivalence) derives its strength, it is even more immediately pertinent to note that in such a diverse country as Nigeria where patterns of unequal political participation, educational and technical development, employment and income characteristics, and general socio-economic development largely correlate with distinguishable ethno-social areas, attention to spatiality or regional differentiation derives precisely from the coincidence of problems and issues which are simultaneously social and regional in their broad configurations.

Perhaps the point is more simply stated by indicating that the basic interest in regional (spatial) analysis is in the people that occupy the various areas and that given the differential spatial mobility made feasible by varying personal skills and "rooted" preferences, those areas command interest because of the enthno-social groups

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[25]See the review by Gordon L. Clark, Op. Cit. (1980), p. 226.

[26]Richard S. Thoman and Peter B. Corbin, The Geography of Economic Activity, Third Edition, (New York: McGraw-Hill Book Company, 1974), p. 14.

which give them relevance in the national scheme of things. In that context, development (or lack of it) has social manifestations and corresponding spatial/regional expressions. And, as indicated below, Nigerian national planning authorities as well as regional/state populations and their political spokesmen are significantly conscious of, and desirous to effect improvements in, prevailing socio-spatial relative standings.[27]

The other relevant aspect of Marxian analysis concerns the role of the state in a capitalist society. This is a subject that needs no belabouring. The Marxist position is clear enough: that while state policy is theoretically expected to be neutral (not favouring a particular interest group over another) in respect of the temporal fluctuations and socio-spatial disparities which accompany the process of growth and development, the hegemonic class fractions that manage the capitalist state are typically influenced such that their policies aid capitalist accumulation. Thus, the role of the government (in the Canadian context and in relation to both domestic and foreign entrepreneurs, for instance) has been characterized as that of the "organizer of the hegemony of the bourgeoisie". The resulting socio-spatial pattern of uneven reward structures and opportunities are blamed on the unequal structure of representation between society's subordinate forces (largely analogous to the labour-selling and wage-earning working class, including its reserve army[28]) and its hegemonic class fractions (constituted by the

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[27] See, for example, J. Ola. Akintola-Arikawe, "The Equity Principle and Central Plan Allocation in the Manufacturing Sector: The Nigerian Third National Development Plan", The Nigerian Journal of Economic and Social Studies, Vol. 22, No. 1, March 1980 (still forthcoming).

[28] Gordon L. Clark, Op. Cit., (1980).

"unholy alliance" of government and capitalist business interests).[29]

This, in general, is a systemic problem. To the extent that wage-earning labour and the surplus-value extracting entrepreneur are mutually interdependent in a capitalist economy, public policy initiatives for coordinating the space economy would be directed at maintaining or (in a recession) restoring conditions which are conducive to the continuance of roles played by the interdependent actors. The ostensible presumption is that each group of actors (labour on the one hand and accumulating entrepreneural interests on the other) would, acting in its own self-interest, keep production conditions and relations active and accept the resulting inequality in reward structures as normal. It is not surprising, therefore, that Marxist analysis typically advocates the socialization of the means of production. The problem is that even a socialistic system offers no guarantee against the emergence of a directing hegemonic class fraction which, in one way or the other, would be unequally rewarded to its advantage.

The final relevant line of development is the concept of bottom-up development, an idea which in contrast views the growth pole notion in its applications as a top-down strategy since such applications require some higher body or authority, normally government, to provide the enormous investments required to transform selected nodes into functioning growth points.

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[29] R. Mahon, "Canadian Public Policy: The Unequal Structure of Representation", in The Canadian State: Political Economy and Political Power edited by Leo Penitch, (Toronto: University of Toronto Press, 1977), pp. 165-198; see also Patricia Marchak, In Whose Interest: An Essay on Multi-National Corporations in a Canadian Context, (Toronto: McClelland and Stewart, 1979), esp. pp. 96-128.

Although casual references to bottom-up development (or development-from-below paradigm) may sometimes appear to amount to mere differences in emphasis and although practical application in any specific situation might amount to both differential emphasis and pragmatic blending with top-down strategies, it is nevertheless clear that the thrust of the bottom-up paradigm has a recognizably distinct conceptual difference. It does not simply involve only the level at which decisions for development are made.

Proponents regard a change in the decision-making level as a necessary but not sufficient condition for bottom-up development. In contrast to the older and increasingly criticized (especially for reasons of widening disparities in income levels and well-being) top-down strategy, the bottom-up approach is conceived as implying alternative criteria for factor allocation; maximizing integral rather than sectoral resource mobilization; different criteria for commodity exchange (with emphasis on equalizing benefits from trade); specific forms of social and economic organization (emphasizing territorial rather than functional organization)[30] and a change in the basic concepts of development such that particular emphases are placed on collaborative behaviour and endogenous motivation.[31]

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[30] John Friedmann and Clyde Weaver, Territory and Function: The Evolution of Regional Planning (Berkeley: University of California Press, 1979).

[31] Walter B. Stohr, "Development from Below: The Bottom-Up and Periphery-Inward Development Paradigm" in Development from Above or Below? edited by Walter B. Stohr and Fraser Taylor, (Chichester: John Wiley & Sons, 1981), pp. 39-72, ref. is to p. 39.

Thus, bottom-up development reconsiders the concept of development in a way that dissociates it from narrow sectoral notions tied to measurable economic criteria determined by the "World System". On the contrary, development from below reconsiders development as "an integral process of widening opportunities for individuals, social groups, and territorially organized communities at small and intermediate scales, and mobilizing the full range of their capabilities and resources for the common benefit in social, economic, and political terms.

Stohr's rendition of the development-from-below concept, drawing on earlier works by Friedmann and Weaver as well as others, emphasizes the two requirements controlling backwash effects by creating dynamic developmental impulses <u>within</u> less developed areas. Doing these requires altering interaction between different regions and countries as well as creating internal factors of change to induce equity and developmental dynamics.

It follows that the basic objective of bottom-up development is:

> the full development of a region's natural resources and human skills... initially for satisfaction in equal measure of the basic needs of all strata of the regional or national population, and subsequently for developmental objectives beyond this. Most basic-needs services are territorially organized, and manifest themselves most intensely at the level of small-scale social groups and local or regional communities... (Therefore), the greater part of any surplus (over local needs) should be invested regionally for the diversification of the regional economy; ("region" here meaning) the smallest territorial unit above the rural village where such activities are still feasible... and which comprise commuting and service-provision areas of acceptable internal accessibility. This process is then envisaged to occur at successively higher scales. Through retention of at least part of the regional surplus, integrated economic circuits within less-developed regions would be promoted.... and development impulses would be expected to successively pass 'upward' from the local through regional to the national level. Policy emphasis

> therefore will need to be oriented towards: territorially organized basic-needs services; rural and village development; labor-intensive activities; small and medium-sized projects; technology permitting the full employment of regional, human, natural, and institutional resources on a territorially integrated basis; ...(and the probable requirement of) a certain degree of 'selective spatial closure' ... to inhibit transfers to and from regions and countries which reduce their potential for self-reliant development.[32]

While the implied thrust of policy action is thus inwards and primed to the lowest internal levels of spatial organization, the concept of development from below also suggests the need to implement feasible levels of disengagement from the international system at the national level if the endogenous arrangements at lower levels are to be meaningful.

All the same, the relatively insecure basis and ambivalence of bottom-up development is apparent from the recognition that it does not seem to be a well-structured theory to serve as an alternative to the paradigm of development from above and that there is therefore a pressing need for a coherently systematic framework for an alternative.

Further, it is recognized that there may not be one strategy of bottom-up development and that "beyond some basic common features, different cultural areas will need to construct their own (appropriate)... strategies."[33]

It is thus not surprising that the suggestions for a bottom-up or self-reliant development strategy are necessarily varied and wide-ranging. As Dudley Seers (1977:5-7) has speculated, self-reliance could, among other things,

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[32]Walter B. Stohr, Ibid., pp. 43-45.

[33]Walter B. Stohr, Op. Cit., p. 40.

> involve increasing national ownership and control..., and improving national capacity for negotiating with transnational corporations... The crucial targets would be (i) ownership as well as output in the leading economic sectors; (ii) consumption patterns that economized on foreign exchange...; (iii) institutional capacity for research and negotiation... The key...is not to break all links (with other countries), which would almost anywhere be socially damaging and politically unworkable, but to adopt a selective approach to external influence of all types.[34]

These remarks not only reflect the general ferment of ideas in contemporary development planning thought; they represent, more specifically, a prescription for the challenges posed by the underdevelopment/dependency theory,[35] essentially another dimension of Marxist analysis with particular relevance for development planning in LDCs at both the national and regional levels. The dependency notion has tried to turn growth pole and polarized development ideas upside down since the early 1970s and varied enthusiastic pessimists jumped on the band wagon.[36]

The apparent conceptual link between regional development problems and the underdevelopment/dependency thesis is that the "free" powers of transnational investors transform recipient host economies into

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[34] Quoted by W.B. Stohr, Op. Cit., p. 47.

[35] For a businesslike review of dependency theory, see Omotunde E.G. Johnson, "Economic Dependency Theory: An Interpretation", The Nigerian Journal of Economic and Social Studies" Vol. 19, No. 2, July 1977, pp. 63-80.

[36] See the review by Clyde Weaver, "Development Theory and the Regional Question: A Critique of Spatial Planning and Its Detractors", in Development from Above or Below? edited by Walter B. Stohr and Fraser Taylor, (Chichester: John Wiley and Sons, 1981), pp. 73-105.

satellites of the home economies of transnational corporations which benefit more from the unequal exchange involved; and that subnational economic units (regions) within dependent LDCs were merely lower levels in the territorial (global) hierarchy of subordinate relationships from which LDCs stood to lose and MDCs gained through the instrumentality of transnational corporations.

The idea of mixing the dependency notion with regional planning/ development issues now (early 1980s) seems significantly invalid in at least one important respect: the fundamental inference of dependency is drawn from regarding the proliferation of foreign investment (especially in the 1960s and early 1970s) as a confirmation of the helpless powerlessness of so-called peripheral economies to do anything about inward foreign investment. The experience of foreign investment control codes/ measures in a vast and increasing number of countries (including some MDCs) -- a long-emerging trend which dependencists seem largely to have chosen to ignore and for whatever reason, left out of their analyses -- as well as self-reliant strategies, has been/is blunting into insignificance whatever force the dependency notion might have had.[37] The important result of that in this context is that genuine debates about regional development/planning issues could hopefully continue in the arena to which they fundamentally belong: subnational, supra urban units and frameworks.

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[37] See, for example, United Nations Economic and Social Council, Commission on Transnational Corporations, Transnational Corporations in World Development: A Re-examination, (New York: Commission on Transnational Corporations, 20 March 1978), E/C. 10/38, Original: English.

As far as direct regional planning issues are concerned and in view of the diversity of theoretical and other opinions, the conclusion seems justified, that "the world is our own representation, a matter of will... regional development is above all an ethical/political question".[38] Thus, proponents of bottom-up development reason that "if development is to occur, what is needed is a doctrine of territorial development: negating the bonds of unequal exchange by an explicit theory of wilful community action, selective regional closure and strategic regional advantage...; (emphasizing regional culture, political power and economic resources; rejecting the notion of comparative advantage and refusing to play the developmental game by rules favoured to beat the 'closed' local community; and fundamentally) using the new feeling of purpose and unity as the basis for bold initiatives and action... (to do) as many as possible of the things necessary to meet a region's needs within the area itself, and taking whatever political measures are necessary and feasible to see that this is accomplished".[39]

What is not clear but crucial is how and at what level(s) this would be done. As has been observed, apart from whatever common features might emerge from its practice in specific cultural areas, there may be no one strategy of bottom-up development.[40] Further, unless devolution-inducing revolution is what is implicitly contemplated, the idea of selective closure for subnational units raises issues of organizational arrangements within units that would be "closed" and of effectuation in

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[38,39] Clyde Weaver, Op. Cit., (1981), pp. 93-94 (parentheses are my paraphrase).

[40] Walter B. Stohr, Op. Cit. (1981), p. 40.

relation to the larger, sovereign national unit of which they are parts. Perhaps the relatively new concept of enterprise zones in MDCs would be the only parallel experiment that could be compared, although the legal and socio-political artificiality and incentive-based character of the pure conception of enterprise zones as virtually lawless islands "of shameless free enterprise"[41] differs from the pre-existence of social-cultural and politico-economic groups coincident with territorially identifiable units assumed in the development-from-below concept.[42] Even then, the shaky and highly diluted form in which that close parallel has been introduced in Britain since the Thatcher years (practically as conventional, temporary "subsidy islands"[43]) demonstrates the extra-regional problems that closure raises, problems which have led to predictions of failure for, and disillusionment with the enterprise zone concept and which have their roots in the meagerness of concessionary incentives that national authorities could realistically allow.[44]

Fundamentally, the issue could be seen as one of tools (both old and new) which governments employ for implementing regional development

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[41] Peter Hall, The Enterprise Zone: British Origins, American Adaptations, (Berkeley: Institute of Urban and Regional Planning, University of California) A Collection of three public lectures, June 15, 1977 to February 1981), p. 19.

[42] John Friedmann and Clyde Weaver, Op. Cit. (1979), pp. 186-207.

[43] Madsen Pirie, "A Short History of Enterprise Zones", National Review, Vol. 33, No. 1, pp. 26-29: ref. is to p. 28.

[44] Madsen Pirie, Ibid., p. 28.

policy.[45] It could therefore be said that theorizing about regional development might need, at least provisionally, to evolve practical suggestions for alleviating urgent issues of poverty and gainful employment. It also follows that "A thorough empirical examination of specific cases is required not only to make the assumptions of development theory more realistic, but also to provide guidance for policies that will in fact create significantly greater economic opportunities (especially) for the developing countries' poor majority".[46] The analysis of a major development bank's impact in relation to its socio-economic policy environment could be a contribution towards this end.

I.4: The Policy Environment of NIDB

A study of the impact of a major national finance institution such as NIDB requires a brief review of relevant dimensions of the country's socio-economic development/planning policies, the bank's immediate functional environment. For convenience, the review could be structured

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[45] George Sternlieb and David Listokin, editors. New Tools for Economic Development: The Enterprise Zone, Development Bank, and RFC, (New Brunswick, New Jersey: Center for Urban Policy Research, the State University of New Jersey, Rutgers, 1981).

[46] Niles M. Hansen, "Development from Above: The Centre-Down Development Paradigm" in Development from Above or Below? edited by Walter B. Stohr and Fraser Taylor, (Chichester: John Wiley & Sons, 1981), pp. 15-38: ref. is to p. 36; with a subtle hint of impatience with generalized theorizing, Hansen's pragmatic suggestions for meeting urgent needs encompass elements of both the bottom-up and top-down paradigms:

(a) more attention to human resource development;
(b) greater efforts to curb population growth;
(c) wider and more rapid diffusion of agricultural innovations;
(d) planning in terms of functional economic areas; and
(e) the linking of functional economic areas by a transportation and communications policy that encourages not only more general spatial diffusion of innovations but also facilitates the movement of agricultural and light inudstry outputs from rural areas to large urban markets (same page).

in the following sequence: an overview, a consideration of the spatial planning framework, the objectives of national planning, the economy in general, the relative significance of the sector of interest (manufacturing), and related tools of public policy.

Having been drawn into British colonial empire-building from 1861 and attaining its present areal size of nearly one million square kilometres by the amalgamation of the Northern and Southern parts in 1914, Nigeria has grown into one of the significant politico-economic units of contemporary times. The abundant resource base is almost as diverse as the internal physical and socio-cultural characteristics. And the attainment of internal self-government in the 1950s, formal independence in 1960 and a three-year long civil war in the late 1960s are major turning points the country's twentieth history of political development. With a population which grew from about 56 million in the early 1960s to 86 million in 1980 (the world's tenth largest in the mid-1970s[47]), the country has evolved an increasingly complex economy in which conscious planning continues to play an important role.

I.4.1: An Overview of Public Development Planning in Nigeria

It should first be indicated that conscious public planning for development in Nigeria has been traditionally coordinated at the national level. It is true that numerous individual local or urban planning authorities exist for major towns and cities. And although regional or state governments have their diverse development programme activities

[47] See J.P. Cole, The Development Gap (Chichester: John Wiley & Sons, 1981), p. 102.

during the medium-term (four- or five-year) development plan periods, it is nevertheless the case that such programmes have traditionally been coordinated within the framework of an overall national development plan. Thus, regional/development planning in Nigeria has not only been synonymous with national planning; it has also been primarily a top-down affair at least in the sense that the coordination process is directed from the federal level downwards.

Further, conscious public planning for development in Nigeria has been carried on under different regimes for almost four decades now. This experience could be conveniently viewed as falling into two temporal categories: the initial attempt at planning towards the end of the colonial period (1946-1960), and the post-independence planning experience since 1960.

The first initiative during the colonial period followed the (British) Colonial Development and Welfare Act of 1945 and in Nigeria, it resulted in the preparation of what was titled A Ten-year Plan of Development and Welfare for Nigeria, 1946. The plan's programme covered projects related to export-crop development for feeding British industries, as well as infrastructural facilities (roads, communication lines and ports, especially the ports of Lagos and Port Harcourt) to facilitate the export of commodities. The few industrial establishments in the country were either first-stage, bulk-reducing processes or small and medium-scale finishing establishments (print-shops and bakeries) and they were all geared towards colonial needs.

The ten-year plan ended prematurely in 1954 as constitutional arrangements for self-government advanced and a revised plan called the Economic Development Plan 1955-1960 (later extended by the first independent parliament to 1962) replaced it. Both the first and second colonial plans had no goals or objectives that could be construed as national (in relation to Nigeria).[48]

For one thing, the main strategies employed in relation to export promotion, raw material valorization and (later) import substitution of manufactured consumer goods as well as transport development were characteristically exploitative as they were implemented at minimal cost to the colonial administration. And for another thing, the negative effects of the spatial order that became superimposed on the existing settlement and interaction patterns have been profoundly significant for subsequent developments. For instance,

> the capital-cum port cities of the era 'had the largest and most skilled populations, the best infrastructures, the biggest concentration of the ruling elite and the highest potential for local entrepreneurship'.
>
> As industrialization in the cities progressed, the spatial contrasts of the dual economies became more prominent. This is particularly so because....the agricultural population received little or no benefits in the form of Hirschman's 'trickle down effects'. Instead, contrasts between rural incomes and level of services and those of the cities were magnified. Also the spread of education (began to draw) many young and able-bodied citizens off the land to urban centres.[49]

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[48] Federal Republic of Nigeria, The Second National Development Plan 1970-74, (Lagos: 1970); Eniola O. Adeniyi "Regional Planning" in A Geography of Nigerian Development edited by J.S. Oguntoyinbo, et al., (Ibadan: Heinemann Educational Books, 1978), pp. 401-415; Michael Olanrewaju Filani, "Nigeria: The Need to Modify Centre-Down Development Planning" in Development from Above or Below? edited by Walter B. Stohr and D.R. Fraser Taylor, (Chichester: John Wiley & Sons, 1981), pp. 283-304.

[49] Quoted by M.O. Filani, Ibid., p. 288.

Development planning by Nigerians themselves since the 1960s has gone through three complete cycles (or development plan periods) now and the fourth cycle started in 1981. By way of contrast to the apparent lack of national objectives and meaningful coordination which characterized planning during British colonialism, the successive plans in post-independence Nigeria are officially referred to as the National Development Plans.

The First National Development Plan, 1962-68 was projected to cover a six-year period. However, it was halted and subsequently terminated by the political upheavals that began in 1966 and precipitated the "Nigerian War of Unity"[50] or Civil War from 1977 to mid-January 1970.

The Second National Development Plan, 1970-74 was therefore largely a reconstruction plan. As a result, vast resources were consciously directed to those areas where war-induced damages were most extensive. This situation affected the nature of plan projects. For instance, of the 150 projects in the industrial programme, only 55 were new manufacturing projects. The vast majority of them consisted of rehabilitation projects, blanket projects (stated as investment in new industries and feasibility studies), cash disbursement projects to states and statutory corporations, industrial estate development projects and the like.[51]

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[50] Akin L. Mabogunje, "Geographical Perspective on Nigerian Development" in A Geography of Nigerian Development edited by J.S. Oguntoyinbo et al., (Ibadan: Heinemann Educational Books, 1978), p. 3.

[51] Central Planning Office, Second Progress Report on the Second National Development Plan 1970-74, (Lagos: 1974), p. 62.

Further, as a result of the immediate post-civil war atmosphere in which the plan was prepared and launched, many of the new projects were admitted only as project ideas that were subsequently dropped and, rather consistently, the plan featured numerous cases of non-specification of project location (even by state) for Federal industrial projects.[52] As a result of these circumstances, the second progress report which covered the first three years of the plan (1970-73) but was not completed until the end of the plan in 1974, had to admit that most of the genuine (new) projects were, by then, just "approaching the stage at which they normally should have entered the Development Plan".[53] A large number of them, were, in fact, later pushed forwards into the Third Plan.

The Third Plan covered the period 1975-80 and it is so far the one plan that has been implemented under what could be called the most "ideal" conditions. Even its review (monitoring) went through three complete phases, yielding a fat document each time. It was launched in March 1975 and initially provided for a public sector expenditure of ₦ 30 billion (about US$49.5 billion), several times the cost of the two previous plans and (with administrative reorganizations in 1976 -- discussed below), this was subsequently revised to ₦ 43.3 billion (or about US$71.5 billion). The industrial sector projects alone, for instance, covered 78 investment projects distributed unevenly throughout the 19 states of the country and (in the case of three) some other West African countries.

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[52]Federal Republic of Nigeria, Second National Development Plan 1970-74, (Lagos: 1970), pp. 146-151.

[53]Central Planning Office, Op. Cit., (1974), p. 63.

Along with other major sectors which apparently had significant regional planning/development implications (agriculture, livestock, forestry, fishery, mining and quarrying, manufacturing and crafts, power, commerce and finance, transport, communications, education, health, information, labour, social development and sports, water, sewerage, housing, cooperatives and community development, defence and security and general administration), specific allocations and programmes were also designed and implemented for regional development.

The Fourth National Development Plan, 1981-85 is currently in its second year and it has the same general structure as the Third Plan although the total projected public capital expenditure has risen to ₦ 70.5 billion.[54]

Apart from the planning programmes within the context of the development plans, another line of development which bears closely on the emerging articulation of the socio-spatial structure in Nigeria has been the evolution of the planning units, typically the state units but also involving some other units. The evolution of these units could also be reviewed briefly.

I.4.2: Evolution of the Spatial Framework for Planning

Nigeria operates a federal system of government and the component regions/states have traditionally been the principal subnational units for regional/development planning purposes. Initially (from 1946), there were three highly unequal regions, excluding the Federal Territory

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[54] Federal Republic of Nigeria, Outline of the Fourth National Development Plan 1981-85, (Lagos: 1981?), p. 18.

of Lagos. Apart from wide disparities (in both areal and population sizes), each of the three regions represented a duality based on ethnic dominance and sub-dominance and the pattern of development turned out to be such that areas occupied by the dominant groups attracted the largest volumes of infrastructural and other investments. Not surprisingly, minority protests had started as far back as 1947 and progressively grew louder in the 1950s. The minority pressure for some measure of autonomy was, however, resisted by the dominant groups for as long as possible. This pressure was an important remote cause of the Civil War (1967-70), the experience of which has demonstrated that true unity could exist only when most of the country's constituent ethnic units feel that they have a voice in the country's administration and a stake in its continued existence as a polity.

Thus, a process of more state creation was grudgingly started in 1963 by the creation of the mid-West to raise the number of regional/ state units to four. But serious-minded restructuring of internal units actually began in 1967 when the number of states was raised to 12, and continued in 1976 when the number rose to the present 19. Even now, pressures for more states continues and although it is often thought that two or three more states might still be created, the true usefulness of the state-creation exercise has come close to its saturation point.[55] See Figure 1 and Table 1.

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[55]Akin L. Mabogunje, Op. Cit., (1978), p. 3; Brian Smith, "Federal-State Relations in Nigeria", African Affairs, Vol. 80, No. 320, July 1981, pp. 355-378; David Ruddel, "Full Stream Ahead?" West Africa, No. 3380, 17 May 1982, pp. 1312-1313.

FIGURE 1: NIGERIA'S 19 STATE UNITS

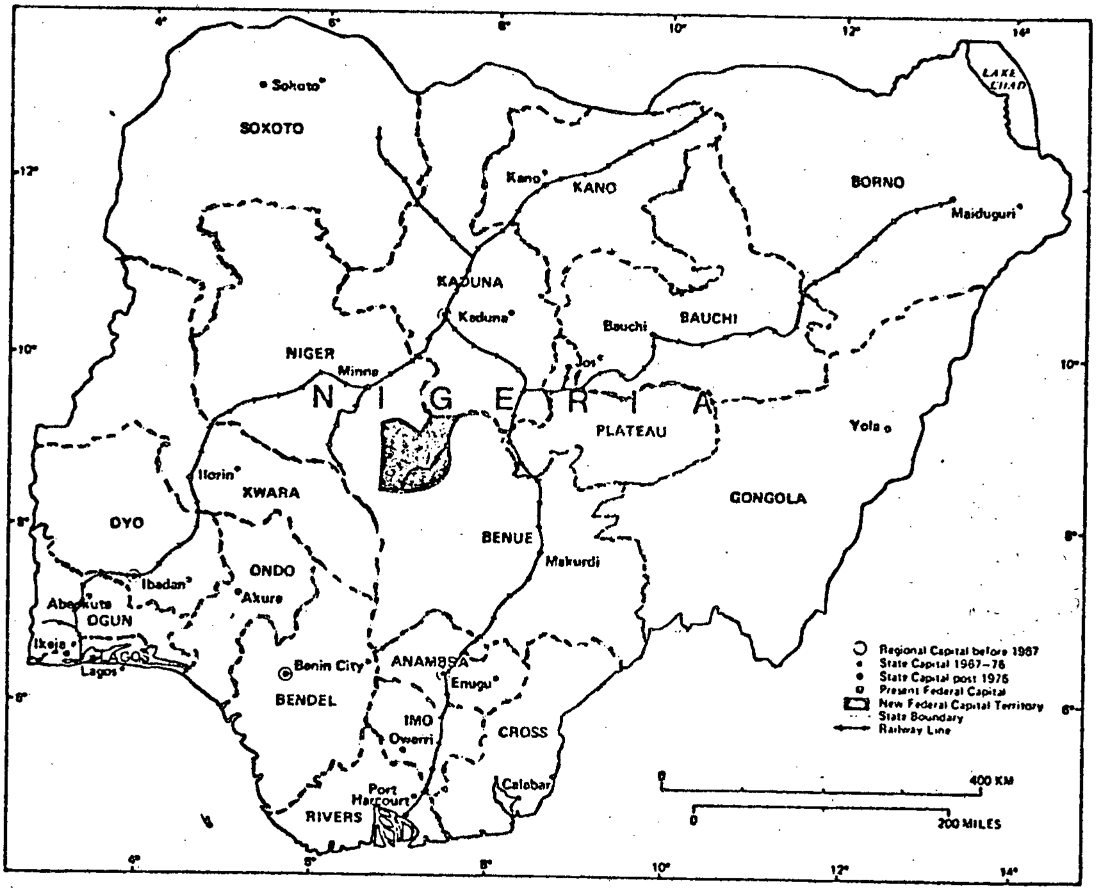

TABLE 1: Nigerian regions and states (1963-76): relationships and population sizes.

Regions, 1966	States, 1967	States, 1976	Estimated Population ('000)
Northern	North East	Borno	2,990
		Bauchi	2,193
		Gongola	3,002
	North West	Niger	1,271
		Sokoto	4,538
	Benue-Plateau	Benue	3,041
		Plateau	2,026
	Kano	Kano	5,774
	Kwara	Kwara	2,309
	North Central	Kaduna	4,098
Western	West	Ogun	1,557
		Ondo	2,272
		Oyo	5,158
	Lagos	Lagos	1,443
Mid-West	Mid-West	Bendel	2,435
Eastern	South East	Cross River	3,600
	Rivers	Rivers	1,800
	East Central	Imo	3,280
		Anambra	2,943

Source: Federal Ministry of Information, Federal Military Government Views on the Report of the Panel on the Creation of States (Lagos, 1976).

The significance of the administrative reorganizations is not only that they have provided a firm basis for stability in the country (since no single unit is now large or strong enough to cause significant unrest alone and since greater feelings of participatory belonging have thus emerged) but also that it has created far-reaching implications for the spatial structure of development by (1) making the state capitals new regional foci of growth and developmental investment spread rather evenly across the national territory and thus becoming alternative centres of attraction for the endless process of rural-urban migration; and (2) rather by default, making the state units themselves the increasingly competitive units which function as the framework for national development planning. In fact, it could be said that the greatest single event which has affected the pattern of urban development in the country more than any others has been the creation of states.

Below the basic structure of the states and their capitals is also the lower stratum of medium- and small-sized urban centres which, as headquarters of the 320 local government units in the country perform local-administrative and other functions, while the local government units themselves form the spatial framework for programming development/planning investments at the state level, another layer of the centre-down planning orientation.

The third and final form of spatial planning units in the country consists of the 11 river basin development authorities established in mid-1976, with boundaries overlapping the administrative-spatial structure and performing functions connected with various aspects of water resources development and management (flood and erosion, irrigation for livestock and crop production, construction and maintenance of dams, dykes as well as wells and boreholes for rural and urban water supply, pollution, and resettlement of persons affected by these).[56] In view of the nature of this study, however, it is more meaningful to use only the 19-state structure of the country as spatial framework at appropriate points.

I.4.3: The Objectives of Planning

Since the 1960s, Nigeria has adopted the Keynesian type of macroeconomic planning strategy, the four- or five-year plans being one of the manifestations and the major characteristic being significant reliance on "monetary and fiscal policies to generate the appropriate stream of total spending so as to assure steady growth with full employment and no inflation".[57]

Each of the National Development Plans (NDP) has had specific objectives in terms of stated targets of growth in Gross Domestic Product, savings and reinvestment, and the expansion of diverse social services. These specific objectives have been usually juxtaposed with some more fundamental and philosophical objectives as to how the socioeconomic system should evolve, both interpersonally and spatially; that is, raising the issues of efficiency on the one hand and equity on the other.

Prior to the 1970s, the process of planning which was dominantly sectoral tended to favour the efficiency perspective, regardless of what

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[56] J.O. Ayoade and B.L. Oyebande, "Water Resources" in A Geography of Nigerian Development edited by J.S. Oguntoyinbo, et al., (Ibadan: Heinemann Educational Books, 1978), pp. 53-55.

[57] Akin L. Mabogunje, 1977, quoted by M.O. Filani, (1981), p. 289.

the stated philosophical objectives of the plans were. For one thing, attempts at development planning and the functioning of related institutions in colonial Nigeria were concerned, not significantly with considerations of equity or distributive justive but rather with getting growth started at any point in space where current perceptions indicated that development could most readily occur by the application of whatever public resources were available. That attitude, with its underlying principle of efficiency, favoured relatively attractive areas. A good illustration is provided by the Federal Loans Board (FLB), a central industrial finance institution created during the "Economic Development Plan" of 1955-60-62 whose jurisdiction was legally restricted in space mainly to areas in, and within a ten-mile radius of the boundaries of, the Federal Territory of Lagos for the first five years of its eight-year period of existence, 1956-1964.

The enactment of an Act removing the spatially restricting clause from the laws governing FLB in 1961 and the expressed government desire for the "achievement of a more equitable distribution of income both among people and among regions",[58] a year later, reflected the incipient emergence of the equity principle in official public thinking. However, the enunciation and application of the principle was still so relatively weak that government locational policy in industrial matters, for instance, continued to be fundamentally efficiency-oriented, stressing

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[58] Federal Ministry of Economic Development, First National Development Plan, 1962-68, (Lagos: 1962), p. 23; see also the review in J. Ola. Akintola-Arikawe, "The Equity Principle and Central Plan Allocation in the Manufacturing Sector: The Nigerian Third National Development Plan", The Nigerian Journal of Economic and Social Studies, Vol. 22, No. 1, March 1980 (still forthcoming).

that federal and state-government sponsored industries should be located purely on the basis of economic considerations, less developed areas receiving only marginal concerns in the provision of incentives.[59]

However, the political upheavals of the mid-1960s and the subsequent Civil War produced a diversity of experiences which have transformed the equity principle into the more dominant social philosophy of public action in Nigeria. The second NDP which immediately followed the Civil War provided a rethinking which articulately installed a number of ultimate objectives for planning in the country. These ultimate objectives are the firm establishment of Nigeria as:[60]

(i) a united, strong and self-reliant nation;

(ii) a great and dynamic economy;

(iii) a just and egalitarian society;

(iv) a land of bright and full opportunities for all citizens;

and (v) a free and democratic society.

The Second NDP elaborated the equity principle underlying these objectives with a touch of moralizing and sober solemnity. It was observed, for instance, that:[61]

> An important element of social justice for national integration is the worthy objective of balanced development as between different geographical areas of the country. The reduction of existing disparities must be pursued openly, although this cannot be accomplished at the cost of stagnation in areas which

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[59] Federal Ministry of Information, Industrial Directory, 6th Edition, (Lagos: 1971), p. 80.

[60] Federal Republic of Nigeria, The Second National Development Plan 1970-74, (Lagos: 1970), p. 32.

[61] Federal Republic of Nigeria, Ibid., p. 34.

> are presumed to be relatively more developed... The objective is to move rapidly to the achievement of a minimum economic and social standard for every part of the country.

Again, at the beginning of the Third National Development Plan (1975-80), the nation was strongly and almost threateningly reminded that "A situation where some parts of the country are experiencing rapid economic growth while other parts are lagging behind can no longer be tolerated".[62] And the inclusion, among the "overriding aim" of development effort in the fourth NDP, of the objective of achieving "better balance in the development of the different sectors of the economy and the various geographical areas of the country"[63] indicates the continued

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[62] Federal Republic of Nigeria, Third National Development Plan 1975-80, (Lagos: 1975), Vol. 1, p. 30.

[63] Other objectives in this "reworking: of "overriding aim" are:

(a) Increase in the real income of the average citizen;

(b) More even distribution of income among individuals and socio-economic groups;

(c) Reduction in the level of unemployment and under-employment;

(d) Increase in the supply of skilled manpower;

(e) Reduction of the dependence of the economy on a narrow range of activities;

(f) Increased participation by citizens in the ownership and management of productive enterprises;

(g) Greater self-reliance, that is, increased dependence on our own resources in seeking to achieve the various objectives of society. This also implies increased efforts to achieve optimum utilisation of our human and material resources;

(h) Development of technology;

(i) Increased productivity;

(j) The promotion of a new national orientation conducive to greater discipline, better attitude to work and cleaner environment: Federal Republic of Nigeria, Outline of the Fourth National Development Plan 1981-85, (Lagos: Federal Ministry of Planning, 1981?), p. 5.

preservation of the equity principle in the philosophy of Nigerian public planning.

It could be added that, in the Nigerian context, the ideal conception of the equity principle is comprehensive, involving less uneven distribution of investments (to the extent possible) among all hierarchically structured levels of spatial organization. That is, investment location by the central or federal government is expected to reflect equitable distribution among the states; and investment location by state governments within their areas of jurisdiction should similarly reflect equity considerations in relation to the component local government areas.[64]

Further, in view of the range of concerns encapsulated in the statement of overriding objectives in the fourth (most recent and current) plan, 1981-85, it would seem that the philosophical basis of Nigerian planning remains incrementally dynamic, changing to accommodate or confront more seriously additional or specific aspects of existing issues (such as real income of the average citizens, interpersonal and intergroup income, sectoral diversification, self-reliance, internal technology and productivity promotion, societal discipline and environmental (cleanliness) as they emerge.

Finally, mere statement of objectives does not mean realization of those objectives. However, problem solution begins with its recognition and assessment. In any event, it would require numerous studies to verify how much actual regional/development planning achievements coincide with desired accomplishments in Nigeria (as elsewhere). One of the

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[64] Federal Republic of Nigeria, Federal Military Government Views on the Report of the Panel on Creation of States, (Lagos: 1976), p. 19.

objectives for this study, as earlier stated, is to examine how much the objective of spatially balanced development is reflected in the operations of a major public institution functioning in the industrial sector of the economy.

I.4.4: <u>The Economy: An Overview</u>

Nigeria's per capita GDP in 1980 current prices has been estimated at ₦568 (US$937).[65] Not only does this relatively low figure conceal wide variations; it does not, in any event, tell much about the economy. However, an examination of the components of the country's GDP and the relative contributions and changes in the performance of the major sectors (including manufacturing) would be more revealing.

Generally, the overall GDP has grown from ₦2,247.4 million in the 1960/61 financial year to ₦14,655.0 million in 1975/76 (Table 2). Although the effect of the Civil War is noticeable in the negative growth rates in the last two years of the 1960s, the growth rates of total GDP in the 16-year period for which there are data has been steadily upwards and became strikingly impressive from 1970 onwards (Figure 2).

The overall upward surge in GDP at the beginning of the 1970s is attributable to the rise of petroleum to prominence in the Nigerian economy. Traditionally, agriculture and allied primary activities had accounted for the bulk of Nigeria's GDP but the relative contribution of the agricultural sector had declined steadily from about 63 per cent in 1960 to about 28 per cent in 1976 (Figure 3). On the other hand, the

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[65] Federal Republic of Nigeria, <u>Outline of the Fourth National Development Plan 1981-85</u>, (Lagos: 1981?).

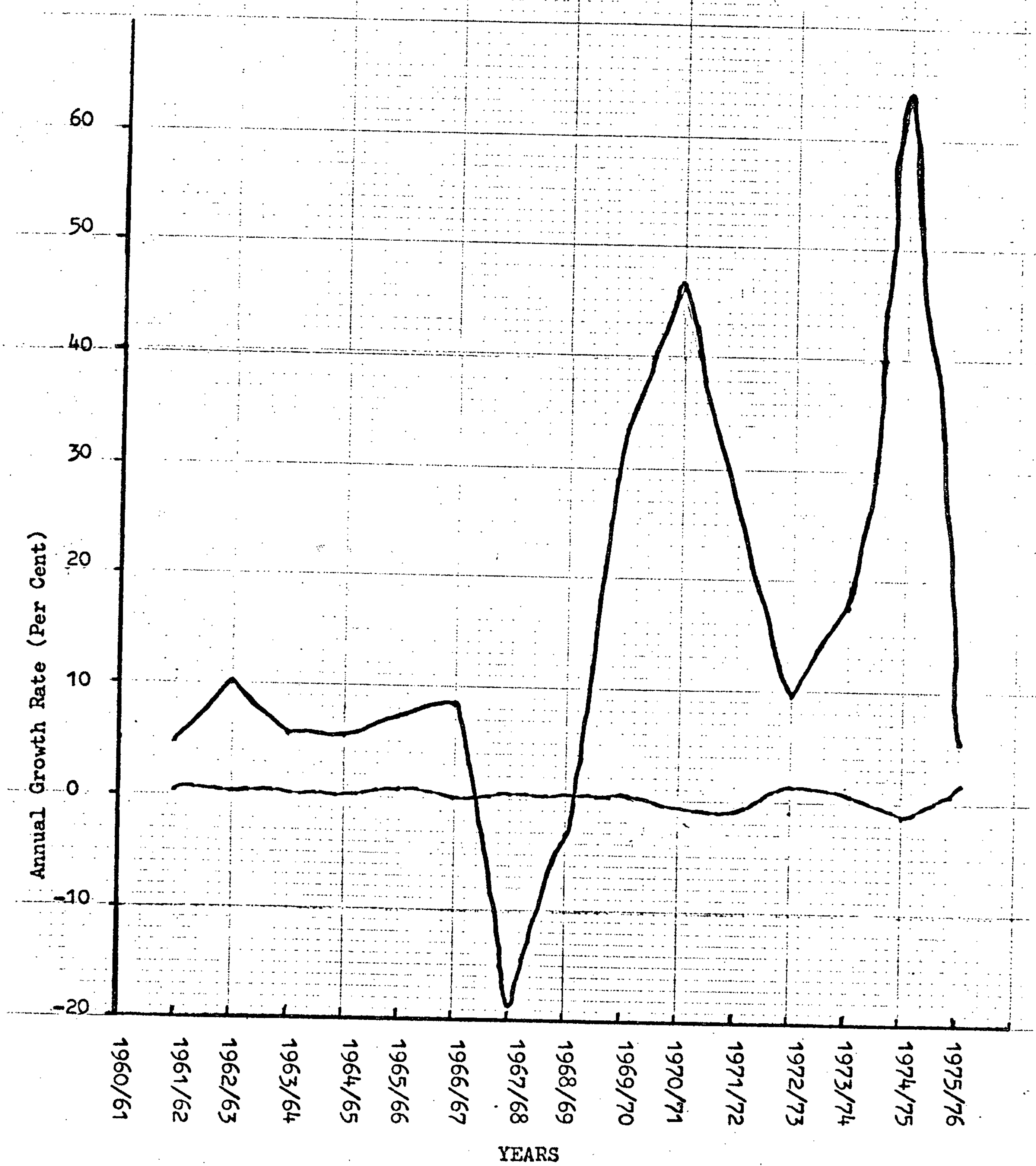
TABLE 2: Growth of the Nigerian GDP and manufacturing (at current factor cost) 1960/61 to 1975/76.

Year	GDP		Contribution of Manufacturing		
	Amount ₦ million	Change %	Amount ₦ million	As % of GDP	Change %
1960/61	2,247.4	--	107.6	4.8	--
1961/62	2,359.6	+5.0	123.4	5.2	±0.4
1962/63	2,597.1	+10.1	146.4	5.6	+0.4
1963/64	2,745.8	+5.7	163.0	5.9	±0.3
1964/65	2,894.4	±5.4	173.6	6.0	+0.1
1965/66	3,110.0	+7.4	214.6	6.9	+0.9
1966/67	3,374.8	+8.5	233.0	6.9	0.0
1967/68	2,752.6	-18.4	194.2	7.1	+0.2
1968/69	2,656.2	-3.5	198.6	7.5	+0.4
1969/70	3,549.3	+33.6	281.8	7.9	+0.4
1970/71	5,205.1	+46.7	378.4	7.3	-0.6
1971/72	6,570.7	+26.2	415.8	6.3	-1.0
1972/73	7,208.3	+9.7	511.5	7.1	+1.2
1973/74	8,482.6	+17.7	662.4	7.8	+0.7
1974/75	13,915.1	+64.0	911.2	6.6	-1.2
1975/76	14,655.0	+5.3	1,168.7	8.0	+1.4

Notes: (1) Financial years to which data pertain start on the 1st of April of the one year and end on March 31st the following year.

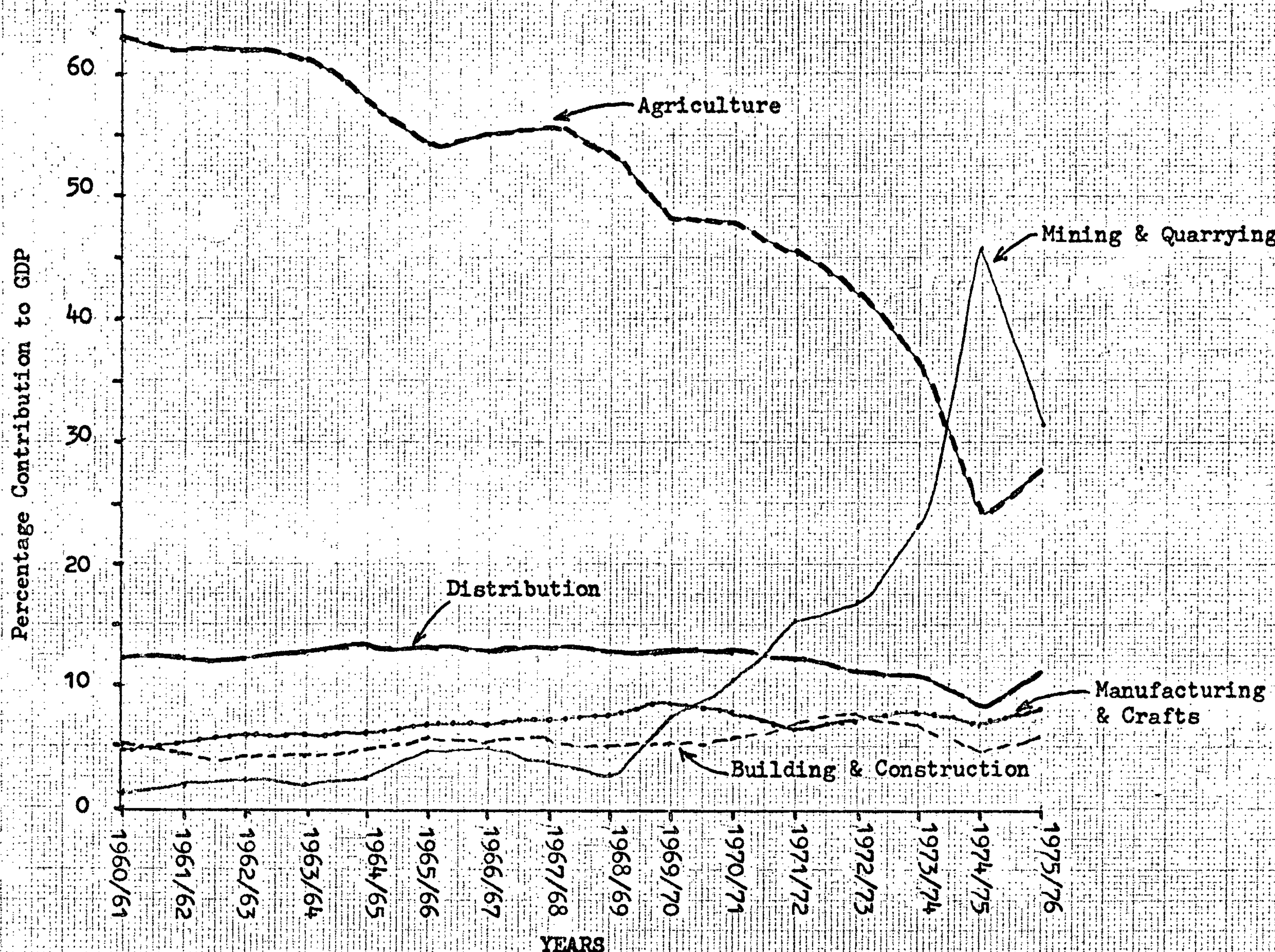
Source: Federal Office of Statistics, Federal Republic of Nigeria: National Accounts of Nigeria 1960-61 to 1975-76, (Lagos: 1978), pp. 3-6.

FIGURE 2: GROWTH RATES OF NIGERIAN GDP AND THE MANUFACTURING SECTOR, 1960/61 TO 1975/76



Source: Table 2.

FIGURE 3: NIGERIAN GDP: PERCENTAGE CONTRIBUTION OF MOST IMPORTANT FIVE SECTORS, 1960/61 TO 1975/76



Source: Same as Table 2.

contribution of the petroleum/mining sector exceeded that of agriculture for the first time in the 1974/75 year and has maintained its lead since then. Apart from the petroleum and agricultural sectors, the other three of the five largest contributors to GDP (distributive trade, manufacturing and building and construction, in that order) have maintained a slow and even unsteady growth (Figure 3).

The sector of immediate attention in this study, manufacturing, has been particularly sluggish in the growth of its contribution to GDP (Table 1 and Figure 1). While its contribution has ranged between about 5 to 8 per cent and has generally increased with GDP, its annual rate of increase (change) has been generally below 1 per cent. The swamping effect of the petroleum sector on the annual growth rate of the sector's contribution is reflected in the negative growth/change rates in 1971, 1972 and 1975, years in which the absolute money values of industry's contributions continued to increase. And although the overall contribution of the sector to GDP reached 11.7 per cent in the 1976/77 year, its erratic and swamped role had been depressed to an estimated 9 per cent level in 1981 (again, despite a continued increase in absolute contribution).[66] The manufacturing sector has simply been unable to keep up with the "domineering" petroleum sector.

However, despite its contextually unimpressive role, the manufacturing sector has always received special encouragement in Nigeria's development planning policy and that encouragement is likely to continue for a long time to come.

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[66] Central Planning Office, <u>Second Progress Report on the Third National Development Plan 1975-80</u>, (Lagos: 1979?), pp. 17-18; Federal Republic of Nigeria, <u>Outline of the Fourth National Development Plan 1981-85</u>, (Lagos: 1981?), p. 11.

I.4.5: Industrial Development Policy and Tools

There is hardly any other sector of the economy which Nigerian developmental policy has promoted as conscientiously as manufacturing. Among the twelve sub-sectors in the "economic sector" of the Third Plan, for instance, manufacturing accounted for the second highest allocation of 22.3 per cent (after transportation's 35 per cent, a reflection of the bottleneck which its deficiencies constituted for industrial and other activities). Thus, the Third Plan not only indicated "government's determination (to create) a sound industrial base for the long-term growth of the economy";[67] it also elaborated various adjustments in existing institutional, administrative and legal arrangements to give effect to "A New Industrial Charter".[68] Table 3 summarizes the programme of industrial projects directly undertaken by the Central Government during the plan period.

Similarly, noting that "Manufacturing is one of the high priority sectors to which great effort will be devoted (and reasoning that) manufacturing offers the greatest prospect for a rapid development and transformation of the economy", government's industrial policy in the Fourth Plan continues to emphasize encouragement of "the maximum growth of investment and output...".[69]

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[67] Federal Republic of Nigeria, Third National Development Plan 1975-80, (Lagos: Central Planning Office, 1975), p. 147.

[68] Federal Republic of Nigeria, Ibid., pp. 153-156.

[69] Federal Republic of Nigeria, Outline of the Fourth National Development Plan 1981-85, (Lagos: Federal Ministry of Planning, 1981?), p. 35.

TABLE 3: Categories of Federal Industrial Projects in the Third Plan.

Category Number	Category Description	No. of Projects	Allocations	
			Amount (₦ million)	Percentage
I.	Genuine Industrial Projects for Federal Govt. Execution	61	5,532.614	91.14
II.	Projects for which Federal Govt. provides funds but left to states for implementation	2	80.000	1.32
III.	Projects related to Industrial development institutions, facilities and infrastructure	9	400.960	6.60
IV.	Study Projects	3	10.000	0.16
V.	International Projects sponsored by Nigeria but not located in Nigeria	3	47.200	0.78
	TOTAL	78	6,070.774	100.00

Note: The total allocation of ₦6,070.774 million on this table differs from the total federal initial allocation to manufacturing and crafts (₦5,055.5 million) because of plan distortions (en route addition of projects): See Central Planning Office, Second Progress Report on the Third National Development Plan 1975-80 (Lagos: 1978?), p. 226.

Sources: Computed from Central Planning Office, Third National Development Plan 1975-80 Revised Volume II, (Lagos: 1976?, pp. 222-226; Third Progress Report on the Third National Development Plan 1975-80 (Lagos: 1979), draft.

It is appropriate to recall that the basic developmental policy since the 1950s has been to gradually reduce dependence on foreign manufactures and to encourage domestic processing, notably along the lines of import substitution. And although the tendency (particularly) since the Third Plan has been increasingly towards participatory public involvement, the fundamental approach remains that of providing a congenial and supportive setting for private enterprise, mixed with governmental participation in the directly productive sector of the economy.[70] The term "Nurture-capitalism" has been used to describe this approach "in which private enterprise is expected to provide the development thrust in the directly productive sector..., in which it is considered necessary for government to strengthen development by nurturing the capitalist sector generally, and in which government... (now) favours indigenous enterprise in particular...".[71]

The diverse tools for implementing this policy in the industrial sector could be grouped into two broad classes, indirect and direct. The indirect policy programmes or instruments include the incentive legislations of the late 1950s (and their modifications since then) which provide for tax and import duty relief as well as for tariff protection. They also include technical and commercial advice and government purchase programmes.[72]

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[70] Peter Kilby, Industrialization in an Open Economy: Nigeria 1945-66, (London: Cambridge University Press, 1969), pp. 53-154.

[71] Sayre P. Schatz, Nigerian Capitalism,.(Berkeley: University of California Press, 1977), p. ix.

[72] Federal Ministry of Information, Industrial Directory, 6th edition, (Lagos: 1971), pp. 79-81; Nigerian Investment Information and Promotion Centre, Federal Ministry of Industries, Industrial Directory, 8th edition, (Lagos: 1980), pp. 238-239; Manfred Berger, Industrialization Policies in Nigeria, (Munchen: Weltforum Verlag, 1975).

On the other hand, the direct policy involvements are those which have necessitated the creation of public development institutions whose reason for existence is to make loans available to entrepreneurial bodies (companies and individuals) and to invest funds directly in appropriate projects.[73] The creation of industrial estates (parks) designed to circumvent the problems of finding suitable plots of land on which to locate production units or establishments could also be included in the category of direct public policy.

It would be apparent that the institution concerned herein (NIDB) constitutes part of the direct policy instruments for industrial development in the country.

It should also be said that research work on Nigerian industrialization and regional development matters have so far not been significantly concerned with the basic issues addressed in this study. This is borne out by the brief review which now follows.

I.5: The Status of Research on Nigerian Manufacturing and Regional Development

The relatively few significant works on Nigeria which have some relevance to the subject here could be viewed as falling into three categories: general works on industrialization or manufacturing, studies related to elements of indirect public policy, and those which, in some way, deal with direct policy instruments.

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[73] See for example, Federal Republic of Nigeria, Second National Development Plan 1970-74, (Lagos: Federal Government Printer, 1970), pp. 15-16.

Major works dealing explicitly with manufacturing in Nigeria have been few. Sokolski published his book on Nigerian manufacturing in 1965.[74] As an economic study, Sokolski's work has considerable structural detail but attention to spatial/regional development issues is highly limited. Further, although Sokolski properly identifies the providers of finance for manufacturing as foreign investors, private Nigerian investors and Nigerian (Federal and State) governments or the public, he makes no attempt to indicate the significance of any of these, the institutional mechanisms for their involvement or their differential impacts in terms of regional and human welfare.

One study which has consciously attempted to provide analysis of the magnitude and, to some extent, the spatial pattern of manufacturing resulting from a class of investors is that by Hakam.[75] Even then, Hakam's study was based on a sample survey of 68 firms and while it clearly revealed the motivations of foreign private investors, it was not concerned with regional development issues nor the related issues of public policy.

Further, although Aboyade's Foundations of an African Economy[76] deals with investments, its coverage is all-encompassing: it includes all types of investment (not just in manufacturing alone) and other

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[74] Alan Sokolski, The Establishment of Manufacturing in Nigeria, (New York: Frederick A. Praeger, Publishers, 1965).

[75] A.N. Hakam, "The Motivation to Invest and the Locational Pattern of Foreign Private Industrial Investment in Nigeria," Nigerian Journal of Social and Economic Studies, 8(1966):49-65.

[76] O. Aboyade, Foundations of an African Economy, (New York: Frederick Praeger, Publishers, 1966).

aspects of national economy. In fact, one basic feature of the various studies carried out by economists on Nigerian manufacturing is the fact that they deal with Nigeria as a single unit; they are not primarily concerned with interregional variations and the regional development implications of the quantities they describe. These remarks also apply to the works of Kilby[77] and Helleiner.[78]

Mabogunje's 1971 article enumerates four factors accounting for the impressive growth rate (15-17 per cent per annum) of the manufacturing sector in Nigeria at the time: the large size of the country and its population; the diversity and abundance of natural resources; the existence of a relatively well developed infrastructure; and public policies and programs.[79] However, although Mabogunje mentioned governmental policy as one of the important factors in explicating industrial growth in Nigeria, the focus of his article was not directed at that point at all.

There are three other significant works on Nigerian manufacturing in general. Schatzl's 1973 study of Nigerian industrialization clearly has a spatial perspective (as its title suggests) and although it makes mention of relevant public-policy instruments, it does not attempt to establish/trace links between any of the policies, the industrialization

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[77] Peter Kilby, Industrialization in an Open Economy: Nigeria 1945-66, (London: Cambridge University Press, 1969).

[78] Gerald K. Helleiner, Peasant Agriculture, Government and Economic Growth in Nigeria, (Homewood, Illinois: Richard D. Irwin, Inc., 1966).

[79] Akin L. Mabogunje, "Changes in Socio-Economic and Cultural Patterns Caused by the Industrialization of Nigeria: A Regional Differentiation." Department of Geography, University of Ibadan, Nigeria, 1971 (Mimeographed).

process, or issues of differential regional development.[80] The same is true of the more recent work edited by Teriba and Kayode[81] which, in any event and in spite of integrative "in-filling" by the editors, is a collection of different articles reprinted largely from The Nigerian Journal of Economic and Social Studies. The last general study by D.B. Thomas[82] deals with important issues in its own sphere (capital accumulation and technology transfer), but it is basically a structural study whose implications for regional development are at best latent and certainly not explicit.

Both Aluko and Asiodu[83] carried out studies on "indirect" public policy in 1967. The two studies are identical in purpose, focussing essentially on incentive legislations. However, their conclusions are contradictory: while Aluko's more thorough work indicates that indirect public policy has not been significantly important in promoting manufacturing in Nigeria, Asiodu's paper claims the reverse. As puzzling as this may be, the point of interest here is that they were not concerned with any direct policy instrument or issues with direct implications for regional development. The same is true for Berger's book-length study

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[80] L. Schatzl, Industrialization in Nigeria: A Spatial Analysis, (Munchen: Weltforum Verlag, 1973).

[81] O. Teriba and M.O. Kayode, editors, Industrial Development in Nigeria, (Ibadan: Ibadan University Press, 1977).

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

[83] S.A. Aluko, Fiscal Incentives for Industrial Development in Nigeria, (Dept. of Economics, University of Ife, May 1967); P.C. Asiodu, "Industrial Policy and Incentives in Nigeria." The Nigerian Journal of Social and Economic Studies IX (No. 2 1967), 161-174.

of 1975.[84]

Schatz's book, Development Bank Lending in Nigeria, should be mentioned here, if for no other reason than that it deals with one of the earlier public lending institutions in Nigeria, namely, the Federal Loans Board (FLB).[85] The book is basically an institutional study with almost the whole of its 119 textual pages devoted to historical comments and application appraisal procedures. Like Schatz's other book dealing with other public lending institutions in Nigeria,[86] it is not calculated to reveal the kinds of relationship involved in this project although it contains useful information of a (now) historical or perspective-setting nature.

In fact the only study which has largely shared the orientation taken in this study (essentially establishing some links between institutional instruments of direct public policy and regional development structures) is an earlier work dealing only with the southwestern portion of Nigeria and the collective role of the FLB, NIDB, the Western Nigeria Development Corporation and the Western Nigeria Finance Corporation.[87]

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[84] Manfred Berger, Industrialization Policies in Nigeria, (Munchen: Weltforum Verlag, 1975).

[85] S.P. Schatz, Development Bank Lending in Nigeria: The Federal Loans Board (Ibadan: Oxford University Press, 1964).

[86] S.P. Schatz, Economics, Politics and Administration in Government Lending (Ibadan: Oxford University Press, 1970).

[87] J.O. Akintola, "Direct Public Industrial Investment and the Goal of Even Development: The Southwestern Nigerian Experience (1956-1971)", The Nigerian Geographical Journal, Vol. 21, No. 2, 1978, pp. 133-151, see also, J. Ola. Akintola-Arikawe, Manufacturing and Direct Public Policy in Southwestern Nigeria (1956-1971): A Spatio-Temporal Analysis, Ibadan: Nigerian Institute of Social and Economic Research, 1979 (yet forthcoming).

Apart from this, there has been, to my knowledge, no concerted study of NIDB in any form and whatever impact its activities might have had on Nigerian industrial development, either nationally in a generalized framework or regionally in respect of the country's component socio-political units. And that is in spite of the wide recognition of NIDB as the most significant development institution Nigeria has ever had.

In fact, the rationale of the endeavour here has a sequential logic related to the perceived gaps in existing scholarly works. Planning is essentially a deliberate action directed at influencing a system in a desired direction even when it is realized that the hoped-for results may take some time to materialize. Influencing change in a system such as an economic system or a broad sector of it may require many policy tools being applied simultaneously or in different combinations and with some time horizons considered appropriate to a given context, as well as with a strategic preparedness to vary the tool combinations and/or timing of their application as the need is perceived en route. Whatever tool is involved, its intelligent application requires an understanding of the associated processes in order to direct its use more effectively towards the desired ends. It is this rationale which provides the impetus for this study involving the impact of NIDB's financing activity on the pattern of Nigerian industrial development, especially in respect of its regional development implications and the related policy environment.

I.6: Restatement of Objectives and Data Considerations

I.6.1: Restatement of Objectives

As indicated earlier, the aim of this study is to analyze the credit activities of NIDB, a central public development-finance institution which operates primarily in the field of industry or manufacturing in Nigeria, over the period 1964 to 1980 with two primary objectives:

(a) ascertaining the degree to which NIDB's credit activities have contributed to Nigerian industrial development generally; and

(b) eliciting the extent to which its credit activities have contributed to or (hopefully) mitigated the essentially polarized pattern of industrial development in Nigeria.

Of course, it is hoped that from the analyses it would be possible to elicit appropriate policy implications and suggestions for improving centrally-induced industrial development strategies in Nigeria.

While the first objective is relatively straightforward, the second objective concerned with reducing disparities in the regional/spatial pattern of industrial development calls for clarifying remarks in three respects. First, expressions of concern to reduce disparity in the spatial incidence of development is commonplace but despite public-led efforts to induce convergence, spatial divergence or disparity still remains the normal pattern in practically every country. The implication is that although efforts at inducing convergence need not therefore be abandoned, the inducement of convergence could only be a slow process and results achieved would vary with each country's circumstances.

Secondly, there is no agreement in the theoretical literature especially as to the timing of egalitarian policies aimed at reducing developmental imbalance. For example, Lefeber has concluded in relation to India that:[88]

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[88] D. Lefeber, "Regional Allocation of Resources in India" in <u>Regional Development and Planning: A Reader</u> edited by John Friedmann and W. Alonso, (Cambridge: The M.I.T. Press, 1964), pp. 652-653.

> the process of economic development in its geographical setting requires growth at different rates in different areas, (and) attempts to industrialize retarded regions ahead of time and at the cost of slowing down the growth of more vigorous areas must necessarily put off the date of bringing relief to the former.

Hirschman seems to take the same view in his observation that concentration is typical in the take-off stage of development and that equalization policies could be initiated as an economy attains maturity.[89]

On the other hand, Alonso has noted that whatever the argument for the efficiency (optimizing) goal and the resulting spatial polarization or concentration of development, such a policy might not be advisable for a developing country because of "the realities of political pressures and the equally real altruistic desire among many for early equalization.[90]

It is not feasible to recall the individual conceptual views of the various other writers that have considered the subject of spatial imbalance in investment-location planning.[91] It is sufficient to indicate that

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[89]Albert O. Hirschman, The Strategy of Economic Development, (New Haven: Yale University Press, 1958), p. 75.

[90]W. Alonso, "Urban and Regional Imbalances in Economic Development" Economic Development and Cultural Change, Vol. 17, No. 1, 1968, pp. 1-14.

[91]Gunnar Myrdal, Op. Cit., (1971), pp. 36-43; P.E. Lloyd and P. Dicken, Location in Space: A Theoretical Approach to Economic Geography, New York: Harper & Row Publishers, 1972), pp. 262-263; Josephine O. Abiodun, "Regional Inequalities and the Distribution of Socio-Economic Activities: A Graph Theoretic Approach", Spatial Perspectives in National Development, (Benin City: Proceedings, 22nd Annual General Conference of the Nigerian Geographical Association, University of Benin, March 28-April 1, 1979), pp. 264-278.

it is a persistent issue on which there is no consensus. The appropriateness of a convergence-inducing policy would therefore depend not only on timing but also the particular political and policy contexts of each country.

Finally, there is, in the particular case of Nigeria, the problem of non-specificity as to how far the convergence effort is to go. Perhaps its policy statement could not be otherwise. As indicated earlier in the review of the balanced-development principle and its emergence in Nigeria's developmental philosophy (especially) since the early 1970s, the hoped-for practical result is apparently some perceptible measure of change (with time) in the direction of reduced imbalance, not necessarily an equal-sharing principle in respect of any one specific sector, including manufacturing. This would be so since regional resource endowments and related production capabilities could only be expected to have significant influences on the development of regional production structures. In any event, the challenge to the analyst in respect of the balanced development issue in a sector such as manufacturing is primarily the selection of analytical approaches which could be sufficiently effective to elicit both the direction and amount of change in the spatio-social system. That, in turn depends on the quality of data that could be acquired. Matters of data acquisition for this particular study are discussed next.

I.6.2: Data Considerations

Field work for data acquisition for the study was conducted in Nigeria from April to August, 1981.

The main types of data considered relevant and at whose acquisition efforts were directed could be structured as follows:

(a) Data on Significant Nigerian Manufacturing Establishments

The basic rationale that underlay the decisions as to data requirements are closely related to the objectives of the study. In the first place, it is desirable to have data for at least two points in time in order to be able to examine relative changes in the proportions of national manufacturing shared by each of the 19 states, and in respect of which the distribution of NIDB investments could also be analyzed.

Secondly, it is necessary for data for each such data point to include information uniformly for variables such as employment, investment values and the number of production units or establishments. Finally, it is also rational that the most recent set of data should be as close to the present as possible.

In view of these considerations, data have been acquired for 1974 (to elicit conditions in the early 1970's when the equity issue began to gain ascendency) and 1980 (the most recent year for which country-wide data covering the same variables as in 1974 are available from the Federal Office of Statistics, the official body that conducts annual surveys of manufacturing in Nigeria). The Industrial Survey Division of the Federal Office of Statistics (FOS) conducts surveys of industrial establishments employing ten or more people annually but it has fallen behind in this annual exercise for some time now. In addition, its annual returns are usually less than 100 per cent of the establishments expected to respond and therefore contacted. Nevertheless, FOS surveys are the most comprehensive source of data on Nigerian manufacturing, especially in terms of the categories of information or characteristics required.

However, another useful source of data on Nigerian manufacturing used in this study is the 1980 industrial directory for the country which, while covering virtually all establishments employing ten or more people, also has information available in the FOS-derived data except some consistent measure of output (either in the form of value added or gross production value). However, its utility in this study consists in its capability to convey what the "present" (1980) level of manufacturing is across the country.

Thus, information for the two data-point years (1974 and 1980) is used at appropriate points to elicit relationships relevant to the study's objectives.

The data used have been obtained on an establishment-by-establishment basis from both the actual "raw" returns of FOS and the 1980 industrial directory to cover the following characteristics:

1	2	3	4
ISIC Code (or type)	Location of enterprise or establishment	Employment No.	Equity Investment (paid-up Capital)

(b) Data on the Credit Institution Being Studied (NIDB)

Information obtained for NIDB could be classified into two groups: general and specific.

The general information relates to the institution's operational guidelines and consists of basic handbooks (booklets) and its annual reports from 1964-1980.

The specific type of information consists of actual data on NIDB's financial operations involving the values of credits to each of its client establishments for each year from 1964-1980, thus:

1	2	3	4			5			6
ISIC	Location	Employment	(Client) Project Cost			NIDB Participation			Year of NIDB involvement
			Equity	Loan	Total	Equity	Loan	Total	

The data collected are essentially sanctions data which are reliable reflectors of the institution's credit activities.

(c) General Population Data and Other Information

It was also considered necessary to acquire total population data for each of the 19 states. There has been no population census in Nigeria since 1963 and extrapolations and projections have their own problems. The acquired population data therefore derive from public documents based on the 1963 census, the same set of data used for constituency delimitation in the 1979 general elections and the various National Development Plans.

As the earlier parts of this chapter thoroughly reflect, it has also been necessary to collect and scrutinize the country's development plan documents primarily to gain insights into Nigeria's national regional development policy in respect of industrial and other economic activities.

I.6.3: Initial Operationalization of the Conceptual and Analytical Frameworks

For this study, therefore, the conceptual and policy issues addressed could be stated as hypotheses or propositions for the two levels of analysis which the study assumes:

<u>A. For the national level of analysis</u>:

(i) that apart from the presumable temporal contribution of NIDB financing to manufacturing generally, the structural pattern of NIDB financing has been such as to alter the character of Nigerian manufacturing, in the direction of increased structural balance;

<u>B. For the regional level of analysis</u>:

(ii) that the regional pattern of NIDB investments (financing) has been such that there has emerged an inverse relationship between existing levels of manufacturing and NIDB's financing activities, especially since the early 1970's;

and (iii) that accordingly, the regional pattern of manufacturing has been undergoing progressive convergence, especially (again) since the early 1970's.

Incidentally, the capital-shortage illusion thesis (by which it is held that the problem in many LDCs is not so much the shortage of capital for investment as it is the shortage of viable projects in which to invest capital) inevitably arises and it is addressed at the appropriate point to the extent necessary and made possible by available data. So also is the concept of circular and cumulative causation: the tendency for areas with initial advantages to gain cumulatively over time.

The analytical methods employed are, as necessary, briefly described in the specific contexts to which they relate, that is, at relevant stages of the analyses. In general, however, it could be said that extensive use has been made of correlation analyses, rank-difference procedures and, to some extent, concentration indices.

In the meantime, it is desirable to precede the basic analyses with two relevant matters of perspective: a depiction of the conceptual character of development banking in general; a discussion of background issues specific to NIDB, especially its establishment and general operating policies within the context of the dynamics of Nigeria's overall development planning policies. These basic matters of perspective constitute the essence of the next chapter.

Using relevant data for the two selected points in time (1974 and 1980), the basic analytical tasks in the study (especially chapters III and IV) could therefore be generally stated thus:

A. At the national level of analysis (Chapter III):

(i) employing appropriate measures and techniques to elicit whatever temporal relationships exist between Nigerian manufacturing and NIDB financing;

(ii) eliciting with appropriate methods the relationships between relative changes in Nigeria's industrial structure and NIDB financing;

B. At the regional level of analysis (Chapter IV):

(iii) using appropriate methods to elicit how much the balanced development philosophy is reflected in the regional patterns of Nigerian manufacturing and NIDB financing;

(iv) eliciting, for the time span between the adopted points in time (1974-1980), what discernible degree of convergence has occurred in the emergent regional pattern of manufacturing vis-a-vis NIDB financing; and

(v) eliciting from the relevant data, indices directed at showing the patterns of NIDB "favouritism" and corresponding internal regional efforts in pursuit of the balanced-development objective.

CHAPTER TWO

CONCEPTUAL PERSPECTIVES ON DEVELOPMENT BANKING AND BACKGROUND TO NIDB OPERATIONS

A basic proposition underlying economic development efforts (including the establishment and operation of development banks) is that economic development in general and industrial development in particular is not an inevitable process but one which could be created and energetically advanced. By planned strategies of investment, innovation, supports and controls, aggressive policies of economic development are considered capable of transforming the socio-economic processes and character (particularly) of developing countries.[1]

The issue of capital supply for capital formation in the desired sector in adequate quantities and at the appropriate time (all determined on the basis of structural characteristics within the economy concerned) is one of the crucial factors for advancing the process. That supply of investment capital is largely the product of an economy's financial structure and the financial intermediaries that function within that structure.

In this context, a country's financial structure (the channels through which savings become available for investment) could be viewed as exhibiting three facets: government's financing from its own savings/funds, self-financing from enterprises' own profits, and voluntary savings.[2] Of necessity, realistic public policy should appreciate the

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[1]Mountjoy, Op. Cit., p. 28.

[2]See, Organization for Economic Cooperation and Development, The Financing of Industrial Development (Barcelona: 16th - 20th May, 1967), Part. I.

interdependence of these sources of investment capital.[3]

Direct government financing of industry, involving the behaviour of government as an industrial investor could be justified on such grounds as the inability or reluctance of private enterprise to invest adequately in particular sectors, the need to eliminate monopolies, and other reasons. It is also desirable that in a market economy, government should, in such cases, use the orthodox method of financing its investments through its own savings (the surplus of current revenue over current expenditures), or by floating loans on the financial market.[4] However, the method and promptitude of government's response to such situations depend on the actual circumstances of the country concerned.

The second source of investment finance, reinvestment or self-financing from profits involves ploughing back some profits rather than dissipating all in dividends. While self-financing is most desirable in that it forms the motive force of a self-sustaining economy and makes enterprises less dependent on financiers, it is well known that the rate

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[3]This interdependence derives from the inverse relationship which exists among the three sources. If, for example, taxes are increased to create surplus-yielding revenue for government, profits from which self-financing could be done as well as voluntary savings available for transmission to the financial intermediaries would both be correspondingly reduced; and if taxes are reduced, the opposite effect could, ceteris paribus, be expected.

[4]Arguments as to whether or not government should be involved in industry (and other areas of economic development) are now dead issues and need not be recalled here. The empirical fact is that government policies and related activities are now clearly recognized as vital forces in the development process, and perhaps more so in developing countries.

of self-financing is lower in developing than in developed countries. At any rate, developing countries typically have fewer enterprises which could engage in self-financing to start with. Investment funds are therefore needed from other sources on a more significant basis, at least for some initial period.

The third category of savings from which industrial investments can originate is voluntary savings through the channel of the financial intermediaries which consist of the banks, savings banks, insurance companies, contractual savings schemes and even individuals. Financial intermediaries work typically in ways that concentrate financial resources in commercial banks which are not very well disposed to the provision of long-term capital for investment. The fact that commercial banks typically favour only short-term lending creates deficiencies regarding long-term financial resources and represents a situation not stimulating to industrial investment. In order to facilitate long-term investment funding, governments and other interests (especially in developing countries) have therefore found it necessary or profitable to create the special financial credit institutions known as development finance companies (DFC) or development banks.

In view of the nature of this study dealing with the impact of one such institution in the industrial development sphere, it is appropriate to examine, even if briefly, the general character of this type of financial institution.

II.1: Perspectives on Development Banking

William Diamond is perhaps the earliest and best known student of development banking. He has conceived a development bank as "an institution (designed) to promote and finance enterprises in the private sector".[5] For purposes of general conception, however, it is important to indicate while promotion and financing (and especially financing) are core functions of development banks, their activities are, quite often, not confined to the private sector. For at least this reason, Kane's characterization seems more comprehensive: a development bank could be better viewed "as a financial intermediary supplying medium- and long-term funds to bankable economic development projects and providing related services..., the main consideration in selecting projects for financing (being) that the bank (should) be able to revolve its funds without impairment."[6]

Since most conventional and specialized banks and financial institutions (central banks, commercial banks, short-term credit institutions, insurance companies, marketing boards and others) are not development banks, the development bank is only one type of financial intermediary. Also, since all these other financial intermediaries are active participants in the development process generally and the ideal development bank is involved in both financing and promotional/developmental activities, the various institutional participants could be ranked as occupying different points on a broad spectrum. At one end of the spectrum would be found those institutions which play marginal or indirect roles in development but as progress is made towards the other end, financing

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[5] William Diamond, Development Banks. (Baltimore: The John Hopkins Press, 1957), pp. 4-5.

[6] Joseph A. Kane, Development Banking. (Lexington, Mass.: D.C. Heath and Company, 1975), p. 14-15 (parentheses mine).

progressively becomes a more important aspect of the institution's functions. The development bank should be found around the broad centre of such a spectrum of financial institutions.[7]

This broad-centre position is consistent with the role of the development bank as an active agent (rather than a passive catalyst) of economic change which, while contributing to change, is itself undergoing constant responsive change.[8] In turn, the activist role assigned to the development bank reflects its basic purpose, that of functioning "as a substitute institution in stimulating the growth of the factors which evolved somewhat more spontaneously over a longer time span in the experience of (more) developed economies.... (that is, such missing or inadequate ingredients necessary for development in a developing economy as) capital, entrepreneurship, technological and managerial capabilities, capital market activity and availability of foreign exchange."[9]

Despite the length of the list of developmental ingredients which the development bank is expected to stimulate, financing or the provision of investment capital remains its hard-core function. The other items could be subsumed under its other major function: promotion. However, while financing, usually in the form of loan and/or equity participation

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[7] Kane, Op. Cit., 1975, pp. 16-17.

[8] Max-Okpugo, "Development Finance Company and National Development Objectives in Developing Countries", NIDB Bulletin, Vol. 2, No. 6, July-December, 1978, p. 8.

[9] Kane, Op. Cit., 1975, p. 15.

is relatively straightforward,[10] the question of the extent to which the development bank could get involved in promotional activities is not so clear-cut. And while financing activity (in relation to NIDB) is the focus of analysis in this study, it would be helpful, both for purposes of exposition and sharpening attention towards that focus, to structure the rest of this perspective-setting discussion under the three subheadings of (a) widespread incidence and diversity (of development banks), (b) the nature of promotion, and (c) the nature of financing activity and degree of involvement in projects.

II.1.1: Widespread Incidence and Diversity

Development banks are of relatively recent origin, most of them dating from the period since World War II. For example, the global directory of development banks published by the Development Centre of the OECD in 1967 identified at total of 340 such finance institutions in developing countries, the vast majority dating from the post-1945

[10] Terminological inconsistencies sometimes occur in the literature on development-finance institutions. Thus, distinctions are sometimes made such that development banks are viewed as institutions "providing long-term loan to domestic enterprises", development/finance corporations as those providing long-term equity capital, and development finance companies as institutions providing intermediate loans and equity capital to industry. While the "development finance company" seems to cover all, the distinctions are nevertheless tenuous and usually ignored because the "development bank" most often provides both loan and equity capital on long- and medium-term bases. This is particularly true of the institution concerned in this study, the Nigerian Industrial Development Bank Limited. As a result, "development bank" and "development finance company" could, and often are, used interchangeably in this and other studies. See, for example, R.W. Adler and R.F. Mikesell, *Public External Financing of Development Banks in Developing Countries*, (Eugene, Oregon: Bureau of Business and Economic Research, University of Oregon, 1966), p. 1; Joseph A. Kane, *Op. Cit.*, 1975; World Bank, *Development Finance Companies, Sector Paper* (Washington, D.C.: World Bank, 1976).

period. Incidentally, 55 of these were listed for the 30 African countries covered by the directory, including 6 in Nigeria. These numbers have probably increased since then.[11]

The more important development banks are associated with the World Bank[12] which acts, at various times and in varying degrees, as a financier of these special financial institutions. Thus, the temporal growth in the number of development banks associated with the World Bank reflects the overall numerical growth of development-banking/finance institutions around the world from just 2 in 1950-54 to 68 in 1975.[13]

Although development banks are more closely associated with developing countries, they also occur in significant numbers in developed countries (see Table 4) and in recent times, especially since Jimmy Carter's presidency, the appreciation of the potentials of development banking as well as the prescription for its use in the United States to meet the challenges of Capital Shortage (particularly) in declining/ distressed areas has been popularized.[14] The fact is, in any event, that

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[11] J.D. Nyhart and E.F. Janssens (Editors), A Global Directory of Development Finance Institutions in Developing Countries (Paris: The Development Centre of the Organization for Economic Cooperation and Development, 1967).

[12] The "World Bank" is a general designation for the International Bank for Reconstruction and Develoopment (IBRD). The World Bank and its affliates, the International Development Association (IDA) and the International Finance Corporation (IFC) form the World Bank Group.

[13] World Bank, Development Finance Companies: Sector Policy Paper. (Washington, D.C.: World Bank, 1976), p. 11.

[14] George Richard Meadows and John Mitrisin, "A National Development Bank: Survey and Discussion of the Literature on Capital Shortages and Employment Changes in Distressed Areas" in New Tools for Economic Development: The Enterprise Zone, Development Band, and RFC, edited by George Sternlieb and David Listokin, (New Brunswick, N.J.: Centre for Urban Policy Research, Rutgers, The State University of New Jersey, 1981), pp. 84-143.

TABLE 4: List of DFCs Associated with the World Bank
(as of June 30, 1975)

Country	Name	Acronym
EASTERN & WESTERN AFRICA (14)		
1. Botswana	Botswana Development Corporation Ltd.	BDC
2. Ethiopia	Agricultural and Industrial Development Bank	AIDB
3. Ivory Coast	Banque Ivoirienne de Developpement Industriel	BIDI
4. Ivory Coast	Crédit de la Côte d'Ivoire	CCI
5. Kenya	Industrial Development Bank	IDB
6. Liberia	The Liberian Bank for Development and Investment	LBDI
7. Mauritius	Development Bank of Mauritius	DBM
8. Nigeria	Nigerian Industrial Development Bank Ltd.	NIDB
9. Senegal	Société Financière Sénégalaise pour le Développement Industriel et Touristique	SOFISEDIT
10. Sudan	Industrial Bank of Sudan	IBS
11. Tanzania	Tanzania Investment Bank	TIB
12. Zaire	Société Financière de Développement	SOFIDE
13. South Africa	SIFIDA Investment Co. of S.A.	SIFIDA
14. Regional	East African Development Bank	EADB
NORTH AFRICA (5)		
15. Algeria	Banque Algerienne de Developpement	BAD
16. Egypt	Bank of Alexandria	BOA
17. Morocco	Banque Nationale pour le Developpement Economique	BNDE
18. Morocco	Credit Immobilier et Hotelier	CIH
19. Tunisia	Banque de Developpement Economique de Tunisie	BDET (formerly SNI)
EAST ASIA & PACIFIC (10)		
20. China, Rep. of	China Development Corporation	CDC
21. Indonesia	Bank Pembangunan Indonesia	BAPINDO
22. Indonesia	P.T. Private Development Finance Company of Indonesia	PDFCI
23. Korea, Rep. of	Korea Development Bank	KDB
24. Korea, Rep. of	Korea Development Finance Corporation	KDFC
25. Malaysia	Malaysian Industrial Development Finance Berhad	MIDF
26. Philippines	Development Bank of the Philippines	DBP
27. Philippines	Private Development Corporation of the Philippines	PDCP
28. Singapore	Development Bank of Singapore Ltd.	DBS
29. Thailand	The Industrial Finance Corporation of Thailand	IFCT

TABLE 4 (cont'd)

Country	Name	Acronym
SOUTH ASIA (6)		
30. India	Industrial Credit and Investment Corporation of India Ltd.	ICICI
31. India	Industrial Development Bank of India	IDBI
32. Pakistan	Industrial Development Bank of Pakistan	IDBP
33. Pakistan	National Development Finance Corporation	NDFC
34. Pakistan	Pakistan Industrial Credit and Investment Corporation Ltd.	PICIC
35. Sri Lanka	Development Finance Corporation of Ceylon	DFCC
MIDDLE EAST (6)		
36. Afghanistan	Industrial Development Bank of Afghanistan	IDBA
37. Iran	Industrial Credit Bank	ICB
38. Iran	Industrial and Mining Development Bank of Iran	IMDBI
39. Israel	Industrial Development Bank of Israel Ltd.	IDBI
40. Turkey	State Investment Bank (Devlet Katirim Bankasi)	SIB (DYB)
41. Turkey	Turkiye Sinai Kalkinma Bankasi, A.S.	TSKB
EUROPE (10)		
42. Austria	Oesterreichische Investitionskredit Aktiengesellschaft	IVK
43. Cyprus	Cyprus Development Bank Ltd.	CDB
44. Finland	Tiollistamisrahasto Oy (Industrialization Fund of Finland Limited)	IFF
45. Greece	National Investment Bank for Industrial Development, S.A.	NIBID
46. Ireland	The Industrial Credit Co., Ltd.	ICC
47. Spain	Banco del Desarrollo Economico Espanol, S.A.	BANDESCO
48. Yugoslavia	Privredna Banka Sarajevo	PBS
49. Yugoslavia	Investiciona Banka Titograd	IBT
50. Yugoslavia	Stopanska Banka Skopje	SBS
51. Yugoslavia	Kosovska Banka Pristina	KBP
LATIN AMERICA & THE CARIBBEAN (13)		
52. Bolivia	Banco Industrial, S.A.	BISA
53. Brazil	Banco do Nordeste do Brasil, S.A.	BNB
54. Colombia	Corporación Financiera de Caldas	Caldas
55. Colombia	Corporación Financiera Colombiana	Colombiana
56. Colombia	Corporación Financiera Nacional	Nacional
57. Colombia	Corporación Financiera del Norte	Norte
58. Colombia	Corporación Financiera del Valle	Valle
59. Colombia	Corporación Financiera Popular	CFP

TABLE 4 (cont'd)

Country	Name	Acronym
60. Ecuador	Comisión de Valores - Corporación Financiera Nacional	CV-CFN
61. Ecuador	Ecuatoriana de Desarrollo S.A. - Compañia Financiera	COFIEC
62. Mexico	Fondo de Equipamiento Industrial	FONEI
63. Trinidad and Tobago	Trinidad and Tobago Development Finance Company Limited	TTDFC
64. Regional	ADELA Investment Company S.A.	ADELA

Source: Adapted from World Bank, Development Finance Companies: Sector Policy Paper, (Washington, D.C.: World Bank, 1976), pp. 64-65 (Annex 7).

"the largest, most active, and most prosperous development finance companies are located in New York, London, and Paris, where they play a vital role in arranging mergers, attracting international investment, financing, reorganization or modernization of existing enterprises and underwriting."[15] Nevertheless, development finance institutions in developing and the immediate peripheries of more developed countries have become more numerous and attracted more attention in the last two decades or so. It is therefore not surprising that of the 64 development finance companies associated with the World Bank by mid-1975, 54 (84 per cent) were in Africa, Asia (including the Middle East and the Pacific) and Latin America while the remaining 10 (16 per cent) were in Europe (Table 4). Remembering that there are numerous other national and internal-area development banks throughout the world which are not associated with the World Bank, development banking could thus be appropriately seen as a universally-used tool for development at various levels.

Development banks are diverse in several important respects, especially the sector of operation, ownership, and sources of fund. As the names of the sample institutions on Table 4 suggest, development banks vary in their range of involvements. For example, the Etibank of Turkey was formed for the limited purposes of exploiting mineral resources and constructing power lines on government's behalf, and India's ICICI was established to provide long-term finance to private industry. On the other hand, the Corporacion de Formento de la Production of Chile was established

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[15]E.T. Kuiper, "The Promotional Role of a Development Finance Company" in Development Finance Companies: Aspects of Policy and Operation edited by William Diamond, (Baltimore: The John Hopkins Press, 1968), p. 11.

for the wide-ranging purpose of preparing and executing "a general plan to promote production in all sectors of the economy"[16] and to obtain credit from external sources. Typically, however, a development bank's area of operation is restricted to a few sectors which have been determined as needing special attention, industry as well as agriculture being commonly among such sectors.

II.1.2: Ownership

Another line of generic differentiation among development banks is ownership, an important factor which has implications for the development bank's operations and potential overall effectiveness in the economy and sector in which it operates. For one thing (as indicated above) a development bank is ideally expected to be responsive to national development policies and priorities as these change with time. Its ownership structure could affect this responsiveness. And for another thing, the issue of ownership was, for a long time, one which influenced the World Bank's choice of development finance institutions it would fund, its preference being for private or private-leaning development banks.[17] It was not until 1969 that the World Bank Group "reviewed the policies and procedures of lending to development finance companies...and agreed that the bank should not be debarred from lending to publicly owned, as well as to

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[16] William Diamond, Op. Cit., (1957), p.1.

[17] Paul E. Roberts, Jr., "Development Banking: The Issue of Public and Private Development Banking", Economic Development and Cultural Change, 19, 1971, pp. 424-437.

private development finance companies",[18] a decision which was reflected in the provision of financial and technical assistance to fourteen national development banks and three regional development financing institutions (for the first time for the institutions concerned) in the 1971-72 period.

It would seem clear then that three generic ownership categories could be distinguished for development banks. These are:

(a) private development banks whose capital stocks are completely owned by private-sector interests and whose operating policies are accordingly private-sector controlled;

(b) public development banks whose capital stock and operating policies are, respectively, generated and controlled by the public sector or government, and

(c) mixed development banks whose sources of capital stocks and operating policies represent a blend of private- and public-sector interests. Depending on the preponderance of contributions to capital stock and the resulting influence over operating policies, mixed development banks could be sub-categorized as mixed private-leaning or mixed public-leaning.

Perhaps the most important implication of ownership type for a development bank is the resulting attitude towards profit-making. This derives from the fact that private banks place relatively greater emphasis on interest-rate considerations (profit-making), regardless of whether or

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[18] World Bank, Annual Report, (Washington, D.C., 1969), p. 18, quoted by Joseph A. Kane, Op. Cit., (1975), p. 107.

not the projects they support maximize development impact or marginal social benefit. On the other hand, public development banks are not motivated solely by profit-making. They therefore put greater emphasis on the development impact criterion. As a result, public development banks support projects not so much from considerations of marginal monetary return as from the perspective of marginal social benefit or development impact. Finally, banks of mixed ownership lean towards one or the other emphasis (monetary return or developmental impact) depending on whether private or public ownership is dominant. While the issue of interest-rate setting and its relation to the potential impact of a development bank is not completely explained by simple reference to ownership, the overall implication still follows that public development banks are likely, all things being equal, to make more significant contributions to economic development.[19]

II.1.3: Sources of Finance

Development banks also differ considerably at least in the proportional mix of the sources from which they get the funds which form the basis of their operations. The source(s) of capital funds for the development bank is also (in addition to ownership-type influences) another important determinant of its potential effectiveness because it bears importantly on the terms and costs (to the development bank) of the funds it operates. For any bank (regardless of the ownership category), the capital funds operated could (and do) come, in varying proportions, from private profit-seeking sources, the public sector and international or foreign sources.

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[19] Joseph A. Kane, Op. Cit., 1975, p. 24.

The ways in which the different sources as well as the terms and costs attached to them could influence a development banks operations and ultimate impact on development could be illustrated by reference to Kane's 1975 (general-operations) study of 31 development banks in Africa, Asia, Latin America and Southern Europe. The sources of the funds operated by the 31 "Sample" banks (chosen on the basis of data availability from the World Bank up to 1972 and not at random) were grouped as domestic private, domestic public, external public and external private (Table 5). On the whole, the external public source was most important for the "sample" banks, followed in order by the public domestic, private domestic and the private external source, although these overall (weighted) proportions varied widely for each individual bank. The important point is that each source of the banks' total resources (equity and debt/loan capital) had its own set of implications, especially in view of the necessity to avoid capital impairment, that is, to operate such that a bank generates enough revenue (at least) to cover its three basic costs: the cost of its funds or interest paid to financiers, administrative costs, and risk premiums which vary from project to project.

Funds could be raised from the domestic private source by the issue of bonds, debentures and capital shares subscribed to by domestic (commercial) banks, insurance companies and other institutions as well as individuals. An illustration of the influence which complicating factors such as the market and other conditions could have on the interest rate at which development banks obtain their funds is provided by the situation of Pakistan's PICIC when it raised funds from the private sector in 1971 and 1972. After raising 20 million rupees at 7½ per cent in 1971, PICIC's attempt to raise additional funds in 1972 came at a time when market

TABLE 5: Sources of Funds for Sample Banks Ranked by Percentage Originating in Domestic Public Sector (Data up to 1972)

Country/Bank	Public Domestic %	Private Domestic %	Public External %	Private External %
1. Indonesia (BAPINDO)	89.2	8.2[a]	2.6	0.0
2. Malaysia (MIDFL)	74.1	7.1[a]	7.5	11.3
3. Mauritius (DBM)	67.7	26.5[a]	5.8	0.0
4. Ceylon (DFC)	67.4	15.9[a]	16.7	0.0
5. Ethiopia (DBE)	66.5	13.6[a]	19.9	0.0
6. Singapore (DBS)	66.5	16.5[a]	8.5	8.5
7. Nigeria (NIDB)	49.6	0.3[a]	30.5	19.6
8. Zaire (SOFIDE)	47.3	11.9[a]	30.4	10.4
9. Cyprus (CDB)	45.1	46.9[a]	8.0	0.0
10. Iran (IMDBI)	44.8	7.2[a]	43.3	4.7
11. Israel (IDBI)	40.1	23.0[a]	33.0	3.9
12. Liberia (LBIDI)	35.1	5.0	40.6	18.9[c]
13. Thailand (IFCT)	32.9	12.0	45.5	9.4[c]
14. Greece (NIB)	30.9	41.2[a]	27.0	0.9
15. Ivory Coast (BIDI)	28.7	20.8	43.7	6.8[c]
16. Tunisia (SNI)	27.6	8.7	61.0	2.7[c]
17. India (ICICI)	26.7	14.6	56.7	2.0[c]
18. Pakistan (IDBP)	24.4	15.1	60.5	0.0[c]
19. Morocco (BNDE)	22.2	5.3	70.3	2.2[c]
20. Columbia (Bogota)	13.3	35.2	35.1	16.4[c]
21. Pakistan (PICIC)	12.5	19.2	62.3	6.0[c]
22. Venezuela (CAVENDES)	10.6	28.0	31.8	29.6[c]
23. Korea (KDFC)	10.5	12.4	71.9	5.2[c]
24. Colombia (Caldas)	9.5	62.5[a,b]	28.0	0.0
25. China (Taiwan:CDC)	7.0	12.8	78.3	1.9[c]
26. Colombia (Valle)	6.7	37.3	56.0	0.0[c]
27. Colombia (Norte)	5.5	29.5	65.0	0.0[c]
28. Turkey (TSKB)	4.6	11.1	84.3	0.0[c]
29. Colombia (Medellin)	3.1	30.9	57.8	8.2[c]
30. Ecuador (COFIEC)	0.0	19.6	63.6	16.8[c]
31. Philippines (PDCP)	0.0	11.5	83.9	4.6[c]
WEIGHTED AVERAGE (%)*	31.2	17.0	46.8	5.0

*Percentages weighted by dollar equivalent of each bank's "supply of funds".

[a]Bank whose total supply of funds from domestic sources is approximately 50% or more.

[b]Bank whose total supply of funds from the private domestic source is approximately 50% or more.

[c]Bank whose total supply of funds from external sources (primarily public external) is approximately 50% or more.

Source: Adapted from Kane's 1975 study based on World Bank data up to 1972: Joseph A. Kane, Development Banking, (Lexington, Massachusetts: D.C. Heath and Company, 1975), p. 98.

interest rates had risen to the level of the bank's own rate of lending to its client companies: 9 per cent. It could not, without some adjustment or help/subsidy, lend out money at the same rate for which it was to obtain its funds. It therefore sought and obtained a government interest subsidy of 2 per cent which enabled it to market a debenture series for 75 million rupees at 8½ per cent, and was thus able to maintain a 2½ per cent gross spread. The unpleasant circumstance could arise in which government, without necessarily implying disapproval of a bank's policies, would not be in a position to help the bank out of such a situation. The point is that the development bank's rate is conditioned by the rate at which it obtains funds (from the private sector in this instance) which, in turn, is subject to market conditions at particular times; and extraordinary measures (interest subsidy in this illustration) are sometimes necessary to enable the bank to obtain funds for financing projects at rates compatible with the bank's function as a development bank.[20]

The external sector as a source of funds for development banks functions primarily through lines of credit tied to purchases of capital equipment in the capital-issuing countries, direct economic assistance funds forming parts of economic assistance programmes from foreign governments and often requiring matching (counterpart) funds from the receiving institution; multinational agencies involving, on the one hand, such international agencies as the World Bank Group and, on the other hand, regional agencies such as the European Investment Bank or

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[20]The illustration here has relied on Kane, Op. Cit., 1975, pp. 91-115.

the Inter-American Development Bank; and the external private sector consisting of banks, insurance companies and international corporations whose contributions (usually in equity funds) are typically of relative quantitative insignificance. Among other things, the interest rates and repayment terms attaching to each of these external sources (especially the three foreign public-sector sources, which are quite important) vary widely with time and for different development banks even when the funds come from the same foreign source. Such variations affect the rates charged by development banks in respect of their client companies as well as their ultimate impact on economic development within their respective economies.

Domestic public-sector funds coming in the forms of both equity and debt (loan) capital are most conducive to the development bank's developmental orientation. This is because such funds are usually made available under the most favourable terms, even to private and private-leaning mixed banks. This is in addition to the (periodic) issue of public-sponsored interest subsidy discussed above.

In fact, the role of the domestic government in the affairs of its development bank(s) goes far beyond actual financial involvement by way of allocations and subsidies which, in any case, are often not inconsiderable. The important point is better stated as a generalization:

> that a pivotal determinant of the actual flow of funds to the development bank is the government of the... country (concerned)...government cooperation with international fund suppliers and government intermediation on behalf of development banks is a necessary dimension of the...operations of (development)banks. Although international agencies and foreign governments may have funds available for development banks, these external sources of funds ordinainly require explicit approval and cooperation in numerous ways of the domestic government before actually advancing funds to the banks. It can be said, therefore, that appropriate public policy of

> domestic government with respect to development banks is a necessary condition for the acquisition of most foreign sector funds by (development) banks.[21]

However, it should be mentioned that (as the discussion of Nigeria's NIDB below shows) changes in government policies could drastically reduce the readiness with which individual development banks seek to use external funds, especially equity funds, even when such funds could be readily forthcoming. It should also be recalled that the development bank's activity and effectiveness is not measured by its financial operations alone.

II.1.4: Promotion

The ideal development bank is also expected to supply and/or stimulate a wide range of developmental ingredients. The bank's activities directed at supplying/stimulating such ingredients are conveniently subsumed under the term "promotion". In fact it could be said that after financing, promotion is the next critical function which a development bank exists to perform; but while financing (usually in the form of loan and/or equity participation) is relatively straightforward, the nature of promotional activities has a considerable potential for generating divergent views.

The real protaganist of promotion would hold that while the conventional bank must be concerned with security and interest margins and behave true to its conservative tradition by maintaining the suspicious attitude that avoids untried ideas, the development bank should, on the contrary, create for itself the image and real essences of "an activist

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[21] Joseph A. Kane, Op. Cit., 1975, p. 111 (Parentheses are mine).

institution interested in development and unafraid of change and fully aware that there can be no development without new ideas".[22]

Fundamentally, promotion in this context involves the idea of the development bank getting involved in the formulation, initiation and organization of industrial investment proposals, behaving like an entrepreneur who, perceiving or seeking out profitable investment opportunities, actually takes the initiative and leadership to conceive, fashion proposals and organize finance for new enterprises and actually execute them. Briefly put, it involves the entrepreneural activity of taking the initiative of shaping up a business and getting it started.

Thus, promotion covers a wide spectrum. It ranges at one end from the minimal exercise of assessing a project submitted to the development bank (for financing) and suggesting improvements in it, to the other extreme situation in which the development bank gets involved in a project's conception such that it "originates the idea, translates it into a financeable project (using consultants and other experts as necessary in the process), arranges the financing, organizes the company and, if only for a time, manages the new enterprise."[23] Between the extreme promotional roles lies a wide range of possibilities. These include:[24]

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[22]E.T. Kuiper, "The Promotional Role of a Development Finance Company" in Development Finance Companies: Aspects of Policy and Operation edited by William Diamond, (Baltimore: The John Hopkins Un Press, 1968), p. 7.

[23]E.T. Kuiper, Ibid., p. 7.

[24]See especially, Max-Okpugo, "Development Finance Company and National Development Objectives in Developing Countries" in NIDB Bulletin, vol. 2, No. 6, July-December, 1978, pp. 7-8; E.T. Kuiper, Op. Cit., pp. 5-8; see also J.A. Kane, Op. Cit., 1975, pp. 41-50.

(a) organizing general industrial surveys and carrying out feasibility studies for specific projects;

(b) evolving proposals for new enterprises;

(c) helping to find technical and entrepreneural partners for local clients or investors;

(d) taking equity shares and underwriting securities in order to attract other investors;

(e) organizing mergers in order to evolve more efficient industrial/production units;

(f) nurturing a capital market by broadening ownership and by other methods;

(g) encouraging the adoption of innovations in the economic sector;

(h) providing management and consultancy services to both client and non-client enterprises;

(i) training and development of manpower to meet the needs for highly skilled staff with a broad professional orientation;

(j) taking the initiative to identify and develop projects of critical importance to the economy or sector of involvement.

In principle, the necessity for promotion arises ultimately from the need to create conditions (entrepreneurs) that would generate demands for capital which the development bank may then undertake to provide. But since promotion has such vast dimensions, it could be very difficult to measure and evaluate the impact of a bank's promotional activities.

In any event, in functioning as a promotor, a development bank goes through a succession of project development activities which can be summarized as project identification, project initiation and project execution. In fact, any individual, organization or institution that engages in these activities would also qualify to be called promotors. Obviously then, the development bank is one of many promotors in an economy and its activities are just an important part of a huge and complex mechanism involved in the economy's transformation.

It could further be noted that, in reality, only a thin line separates pure financing from promotion since financing must be preceded by thorough appraisal and effective appraisal requires a careful scrutiny of all the factors associated with promotion. In the process, the development bank could turn an otherwise badly conceived project into a viable and financeable one. However, it thus becomes sometimes difficult to know when a bank is involved in promotion and when it is not. A general rule of thumb has therefore been suggested: a development bank is involved in promotion when it goes beyond stimulating others by assumption, by itself, of entrepreneural functions.[25]

In view of the challenges presented by promotion, the general attitude of many development bankers in the mid-1960s was that of avoidance but the varied experiences of development finance institutions in both developed and developing countries have since indicated that, on the whole, the need for promotion depends on the level of economic development in the country concerned. In a developed country or the more developed of the developing countries where a large and experienced

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[25] E.T. Kuiper, Op. Cit., p. 10.

entrepreneural class has emerged, promotion might not be of the highly demanding brand. On the other hand, in a developing country with no industrial experience and with such little entrepreneural class as exists interested only in such quick-returns activities as commerce and real estate, a development bank could appropriately become the propulsive agent that would develop projects, finance them wholly or partially and if necessary, manage them for some time. Even then, a general principle is that promotion in this strict or full sense "should be undertaken only in industries which are of national importance and should involve operations which are large enough to make considerable risks worthwhile."[26]

II.1.5: Project Selection, Form of Financing and Degree of Involvement

The development bank's financing goes into bankable development projects in the form of loan and/or equity participation. On the one hand, various conflict-ridden considerations underly the choice of projects the bank would finance as well as in what form (loan or equity) it would finance those it selects.

The selection dilemma revolves around the significance of the word "bankable". A bankable project is one which is (or could be) profitably self-financing, that is capable of generating enough income within a reasonable time to cover its costs of operation, repay the principal of bank loans, meet interest-charge payments and leave enough profit for its promotors as an inducement to remain in operation. A non-bankable project is one which is not profitably self-financing in the same sense. This poses conflicts for the development bank. As a

[26] E.T. Kuiper, Op. Cit., p. 6.

bank, it is expected to get involved only in bankable projects. However, some non-bankable projects from which its funds would thereby be ideally precluded (e.g. investment in sewage, water supply and other projects which increase social consumption) may be crucial for economic development, the bank's fundamental raison d'etre. As has been observed, "All bankable projects are not economically important (and) every economically important project (is not) necessarily bankable."[27]

However, this restrictiveness could be eased by recognizing that even commercial banks do finance projects (even of the consumption type) as long as there is a reasonable assurance or belief that both principal and interests could be repaid according to a pre-arranged schedule, regardless of where the income for such loan amortization is derived. Therefore a bankable project could be more realistically viewed as

> one for which the principal and interest can (reasonably) be expected to be repaid according to a pre-determined schedule. (Therefore) bankable projects for development banks are not necessarily restricted to those which are self-liquidating. Any project with a significant (prospective) impact on development should potentially fall within the scope of development bank financing (provided) only that it can reasonably be expected that the borrower will be able to repay the loan. The bank may not, in fact, obtain full repayment of principal on each individual project but should attempt to do so over a range of projects... (such that the bank would be able) to recoup all its outlays over an acceptable period of time, allowing that bad-debt losses on some projects will be offset by higher returns from others.[28]

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[27] Shirley Boskey, <u>Problems and Practices of Development Banks</u>, (Baltimore: The John Hopkins Press, 1959), p. 50; J.A. Kane, Op. Cit., p.17.

[28] J.A. Kane, Op. Cit., pp. 18-19, (parentheses are mine or my paraphrase).

One implication of this is that the development bank, in selecting projects for financing during a one-year period, for instance (and to remain viable), still has to blend its needs for profit-making with its role as a development-oriented activist. The conflict in the selection decision is strongest especially when the number of applications for the banks funds exceeds its current resources and decision has to be made on which projects to finance on the ranked bases of two scales: a development impact scale reflecting the bank's assessment of each project's potential developmental impact; and an interest-rate scale reflecting the potential monetary return associated with each project. Projects ranking high on both scales would have excellent chances of being financed. Those ranking low on both scales would also clearly have poor chances, while in the case of those ranking low on one scale and high on the other, some judgement would have to be made until all funds have been allocated, the cases of projects at the margin being decided on the basis of ability to sustain a minimum interest rate.[29]

Intimately tied to project selection is the decision as to how much, if any, of the bank's financing for a project should be (respectively) in the form of loan or equity. Some considerations of general principle apply in the decision.

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[29] Clearly, all projects are not of equal interest-paying abilities. While a major attraction of the development bank to its client companies is that even its highest interest rate is below the current market rate, it is also the practice that projects financed even within the same time period are charged different rates on the basis of ability to sustain such interest rates <u>and</u> the spread which the bank could maintain in view of its own costs. It implies that a bank could "subsidize" one project at the expense of another!

The form of financing in which a development bank could engage is usually specified in the charter, by-law, law or other instrument establishing the finance company. However, the bank exercises prudence, in individual cases, in how it applies its provisions. Apart from conferring part-ownership and voting or non-voting rights (depending on agreed terms), taking equity shares in an enterprise/project involves the anticipation which may or may not be realised, that the enterprise will begin (at some future time) to yield profits from which shareholders (including the bank) could derive dividends. In the indefinite waiting period before the dividend-yielding profits begin to be realised, no returns come to the shareholder for the shareholding outlay involved, a situation of fundamental risk in business ventures.

On the other hand, the loan financier of an enterprise does not have to wait for the business to start making profits before repayment (of principal and/or interest) begins. Only the pre-arranged schedule of repayment is of real essence and, although not wishing it, it does not matter to the loan-granting institution if the enterprise never makes a profit as long as the financier could recover its loans on the pre-arranged bases. In all, each type of financing has its attractions and risks. The development bank's choice of financing mode and its mix (as equity and/or loan) depends very much on both the characteristics of the bank itself and those of the client enterprise.

The most risky period for the bank to finance an enterprise by equity participation is also the period when the client enterprise probably needs it most: the early years of the enterprise when no individends could be expected for some years. Rather similarly, at the beginning of the bank's operations when it is concerned with building up reserves and meeting various costs (administrative, interest and dividend payments respectively on loan and equity capital), its preference is generally for loan financing which would yield quicker and more regular returns, not equity investment and its uncertainties. When the bank has become firmly established, however, the attractions of equity financing would be sought: sharing in the profitability of successful client companies, spreading ownership interests and developing a capital market, and reflecting how attractive investment financing could be.

However, these preferences of the bank have to be weighted against the inclinations of the client enterprise. For various reasons (disinclination to share business secrets and profits, possibility of future sale of allowed shares to "wrong" parties, avoidance of government interference in the case of a public bank, and other reasons), businesses (and especially foreign investors) are frequently wary about allowing equity shares to be taken up in their enterprises and usually bargain for arrangements which preserve their control as much as possible.

Apart from the preferences of the bank and the client company, other factors which influence the form of financing include the sources of the bank's financing and the economic environment in which the bank functions. On the one hand, banks generally prefer the prudent practice of limiting their equity participation to the equity portion of their own resources, with the more conservative banks limiting their equity portfolio to only some fraction of that portion. On the other hand, if a bank operates in an inflation-ridden environment, for instance, the rational emphasis would be on equity financing rather than loan because that would enable the bank to share in dividends swollen by upward pressure on prices. But if loan financing must be done, then the bank tries to protect its capital against inflation by various devices: securing conversion rights (to equity) over loans made, securing profit participation rights when client company's sales exceed certain levels; inserting an escalator clause tied to a specified price index, the price of dollar or the cost-of-living index.[30]

Finally, when the form of financing has been decided, a range of such other arrangements as interest rate determination (discussed earlier), issues of security to be pledged, foreign-exchange risk allocation (if applicable) and disbursement schedules and terms (in the case of loans) as well as issues of voting rights and board representation (in the case of equity) would also have to be resolved and incorporated into the final financing agreement.

With the above as a conceptual background as to general principles, the specific operating contexts of NIDB could now be examined.

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[30] The above discussion has been mainly indicative. Varied subtle considerations apply in specific empirical cases. Extended discussions reflecting the varied applicable considerations are contained especially in Douglas Gufstafson, "Financial Policy Problems of Development Finance Companies" in Development Finance Companies: Aspects of Policy and Operation edited by William Diamond, (Baltimore: The John Hopkins Press, 1968), pp. 59-90; Shirley Boskey, Problems and Practices of Development Banks, (Baltimore: The John Hopkins Press, 1959), pp. 70-90.

II.2: The Background and Operating Framework of NIDB

II.2.1: Establishment and Temporal Dynamics in Operating Policies

The Nigerian Industrial Development Bank Limited (NIDB) is Nigeria's industrial finance institution per excellence. It was established on January 22, 1964 by reconstructing and renaming a pre-existing industrial development finance company, the Investment Company of Nigeria Limited (ICON) which had been incorporated in October 1959.

The operating policies of NIDB has changed gradually with its experience and national development policies since the early 1960s. Its initial memorandum of association described its objective (with details spanning about five pages) generally as that "of assisting enterprises engaged in industry, commerce, agriculture and the exploitation of natural resources in Nigeria".[31] From the beginning (1964), however, NIDB has functioned in the role of providing medium- and long-term (that is, five to about 15 years) finance to both indigenous and foreign-owned industrial enterprises (including non-petroleum mining) in Nigeria. Its early guidelines emphasized involvement only in promoting private enterprises or, at worst, enterprises in which government did not hold a controlling interest.[32] This was consistent with the attitude of at least one of the bank's financiers for about a decade, the World Bank

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[31] Federal Republic of Nigeria, The Companies Act. Memorandum and New Articles of Association of Nigerian Industrial Development Bank Limited, (Lagos), Adopted by Special Resolution passed on the 6th day of January 1964 and confirmed on the 22nd day of January, 1964, p. i.

[32] Nigerian Industrial Development Bank Limited, Explanatory Memorandum and Guide to Applicants (Revised July 1969; Lagos: 1969), p. 3; NIDB, Annual Reports and Accounts (Lagos: 1970), p. 8; E. Hart, "Spotlight of NIDB: Kaduna Area Office," Daily Times (Lagos), December 3, 1971, p. 15.

which, for a long time, would not finance public-owned development banks.[33]

The bank's initial article of association has a wide range of flexibly-worded provisions which enabled its Board of Directors to respond to changes in both the external and immediate economic environments. For one thing, the World Bank had done away with its bias against public development banks in 1969.[34] And for another thing, NIDB's role as a development bank has predisposed it to responsive changes (without compromising operating criteria) along the lines suggested by national economic development policies and other characteristics of the Nigerian economic environment as these have evolved with time. Thus, on July 1, 1970, the Bank's Board of Directors extended NIDB's "scope to include financing of projects sponsored and controlled by Government, provided they are operated as independent enterprises on a commercial basis."[35]

Apart from the accommodation of compatible public projects, however, the main changes which have occurred in the bank's operating policies could be viewed as falling into three categories: ownership and basic source(s) of operating funds, incorporation of national developmental objectives and others.

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[33] See, for example, Paul E. Roberts, Jr. "Development Banking: The Issue of Public and Private Development Banking" Economic Development and Cultural Change, Vol. 19, No. 3, April 1971, p. 425.

[34] Joseph A. Kane, Op. Cit., p. 107.

[35] NIDB, Explanatory Memorandum and Guide to Applicants, (Lagos: Revised December 1971), p. 3.

Initially, almost 75 per cent of NIDB's operating funds come from external sources (see below), including such of the World Bank's affiliates as the International Finance Corporation. It's ownership, though diffused, was therefore clearly foreign dominated. Even by 1972, foreign sources still accounted for 50 per cent of its funds.[36] At its inception in 1964, the bank had an authorized share capital of ₦10 million[37] out of which ₦4 million was issued and fully paid as ordinary shares. A further ₦0.5 million was held by the original shareholders of ICON as participating preference shares. The holders of the ₦4.0 million ordinary shares were as follows:[38]

Shareholders	Amount (₦)	Percentage
Central Bank of Nigeria	999,656	25.0
International Finance Corporation (IFC)	999,654	25.0
Private Nigerian institutions and individuals	40,690	1.0
Private foreign institutions	1,960,000	49.0
Total Ordinary Shares	4,000,000	100.0

[36] Joseph A. Kane, Op. Cit., pp. 92-115.

[37] The basic Nigerian monetary unit is the Naira (₦). Although exchange rates vary from time to time, in mid-1982, ₦1 is equivalent to about $1.50 (U.S.) or about $1.80 (Canadian).

[38] NIDB, "Changes in the Structure of Ownership of NIDB Limited", (Lagos: Mimeographed, 1979?), p. 1.

The authorized share capital of the bank has been successively increased, to ₦40 million in April 1977 and then to ₦100 million in October 1978. In the meantime, however, the Federal Government of Nigeria had enacted an indigenization (Nigerianization) law, first in 1972 and broadened further in 1977.[39] Its purpose and effect have been to make Nigerian ownership and control of productive enterprises in the country as dominant as practicable. NIDB has been very much affected: at an Extra Ordinary General Meeting of the bank held on April 26, 1976, the paid-up share capital was restructured such that the foreign shareholders were almost completely bought out. Further restructing took place in 1977 (at which time no foreign ownership was left) and 1978. The last (known) structure of paid-up share capital of the bank (as of March 22, 1979) is as follows:[40]

Shareholders	Amount (₦)	Percentage
Federal Military Government (FMG)	59,000,000	97.9
Central Bank of Nigeria	999,656	1.7
Private Nigerians	268,890	0.4
Total	74,344,010	100.0

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[39] Federal Republic of Nigeria, "Nigerian Enterprises Promotion Decree 1972", Supplement to Official Gazette, No. 10, Vol. 59, 28th February 1972, Part A, pp. A11-A21; Federal Republic of Nigeria, "Nigerian Enterprises Promotion Decree 1977", Laws of the Federal Republic of Nigeria, 1977, (Lagos: Federal Ministry of Information, Printing Division), pp. A17-A34.

[40] NIDB, "Changes in the Structure of Ownership of NIDB Limited", (Lagos: Mimeographed, 1979?), p. 2.

Thus, within a period of less than a decade, NIDB has rapidly become not only a wholly Nigerian-owned development bank but also a development finance institution whose ownership is virtually monopolized by the Central Government.

Although not of direct interest to the focus of this study, one other implication of Nigerianization for NIDB's operating policies has been clearly summed up in one of the banks publications:

> Until 1970,... the bulk of NIDB sanctions went to foreign-controlled enterprises. Only 27 per cent of the value of 1969 sanctions (for instance) went to indigenous projects. The reason for this is that when NIDB was set up, its directive was to finance "enterprises operating in Nigeria". No distinction was made between foreign-controlled and Nigerian-controlled enterprises. Moreover, until July 1970 the Bank was expressly forbidden to invest in projects in which Government had controlling interest. This picture has changed since 1970 when Nigerian-controlled ventures accounted for 58 per cent of the value of sanctions. This proportion has grown rapidly in recent years - being well over 90 per cent in 1976 and 1977.[41]

Secondly and presumably as a result of the changes which have occurred in the structure of ownership, NIDB has shown increased ability, especially since the early 1970s, to identify more closely with other national development policies and objectives. One such policy which is particularly relevant to Nigerian industrial development (NIDB's raison d'etre) and a subject of significant interest in this study is the issue

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[41] NIDB, "Financing Industrial Development" NIDB Bulletin, Vol. 3, No. 2, Jan.-June, 1978, p. 12; see also, Chief Henry Fajemirokun (President, Lagos Chamber of Commerce & Industry, and President, Federation of West African Chambers of Commerce), "NIDB and the Challenge of Indigenisation" NIDB Bulletin, Vol. 1, No. 5, January-June 1973, pp. 18-20.

of equity or balance in the spatial incidence of development-inducing investments. As indicated earlier, the issue of spatially balanced development has permeated Nigeria's development-planning philosophy, notably since the early 1970s. NIDB's ideational acceptance of, and identification with this principle could be documented extensively.

It is true that in the immediate post civil-war period of the early 1970s, much of NIDB's energies in this regard were absorbed by the problems of industrial rehabilitation in the war-affected Eastern States.[42] Even then, the bank had had it as "its declared policy (to actively encourage) further (industrial) dispersal",[43] especially to areas which had previously not felt the impact of its investment activities. It has subsequently become a normal feature of the "Chairman's Statement" in the bank's Annual Report to include such expressions as the intensification of "promotional efforts especially in those areas of the country where (the bank's) impact has not been much felt" (1978); "the Bank's policy of a more even geographical distribution of its investment" (1979); "the Bank's policy of a fair geographical spread of its projects.... (especially in respect of) states where the Bank's impact has hitherto not been very strong" (1980); and "full-scale reorganization with a view to making its (the Bank's) impact felt throughout the country in keeping

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[42] A. Salako, "NIDB and Problems of Rehabilitation in the Three Eastern States", NIDB Bulletin, Vol. 1, No. 5, Jan.-June 1973, pp. 9-11; Henry C. Omo, "Our Modest Achievements in the Eastern States", NIDB Bulletin, Vol. 1, No. 5, Jan.-June, 1973, pp. 11-12.

[43] B.U. Ekanam, "Significance of the Eastern Area Office" NIDB Bulletin, Vol. 1, No. 5, Jan.- June, 1973, pp. 4 and 6.

with the national objective of balanced development... (and) to facilitate further the much desired industrial dispersal" (1981).[44] Thus, from the standpoint of the equity principle and other areas of public policy, NIDB actively seeks, at least in principle, to reflect its policy environment in its alloted sphere of activity.[45]

Two other identifiable respects in which the bank reflects relevant dimensions of national development policy relate to the practice of a dividend-restraint policy since the late 1970s, and modifications in the nature and scale of enterprises assisted. The former, reduction in the proportion of profits distributed annually in dividends, affects all companies including NIDB and, presumably, it is intended to encourage the building up of reserves and/or self-financing via profit re-investment.[46]

On the other hand, the bank's records show that for the initial six years of its operations, NIDB subscribed to the role of an institution existing for the primary purpose of providing medium- and long-term finance to both indigenous and foreign-owned enterprises in Nigeria.

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[44] NIDB, Annual Report 1977, (Lagos: 1978) p. 9; NIDB, Annual Report 1978, (Lagos: 1979), p. 7; NIDB, NIDB Bulletin, Vol. 3, No. 2, Jan.-June, 1978, p. 12; NIDB, 1979 Annual Report & Accounts, (Lagos: 1980), p. 7; NIDB, 1980 Annual Report & Accounts, (Lagos: 1981), pp. 9-10.

[45] For a purposeful synthesis of the bank's responsive disposition to relevant national development policies, see NIDB, "How the Development of the Industrial Sector Necessitates Changes in the Objectives of Development Banks", (Lagos: 1979?), mimeographed; see also Max-Okpugo, "Development Finance Company and National Development Objectives in Developing Countries", NIDB Bulletin, Vol. 2, No. 6, July-December 1978, pp. 7-8 & 15.

[46] See, for example, the "Chairman's Statement" in NIDB's Annual Reports for 1977, 1978, 1979 and 1980, pp. 8, 5, 5 and 5 respectively.

However, apart from the re-orientations relating to indigenization dis-dussed above, NIDB has, since 1970, also extended its sphere of activities to include hotels and projects connected with tourism.[47] The rationale for this, especially in respect of the hotel industry, derives from the bank's recognition of hotel facilities rather as an infrastructure for facilitating the travels which inevitably characterize the financial and other arrangements which accompany the processes of investment-making and industrial activity. In view of the large size of the country and the need (as the bank aspires to make its impact felt in every part) for the bank's officials and businessmen alike to travel for varying periods of time, the inadequacies of such support facilities as hotels came to be recognized as part of the "infrastructural" constraints needing attention, especially "in the less industrially developed parts of the country".[48]

Further, while NIDB has consistently adhered to the idea of assisting medium- and large-scale enterprises and has traditionally maintained (even up to 1980) that "small-scale industries are excluded"[49]

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[47] NIDB, Annual Report and Accounts, (Lagos: 1970), p. 6.

[48] NIDB, Annual Report 1978, (Lagos: 1979), p. 7.

[49] See, for example, NIDB, Focus on NIDB, (Lagos: 1977?), p. 5; NIDB, General Policies, (Lagos: 1980?), p. 3.

from its operations, it has very recently (and inexplicably[50]) included small-scale enterprises among those it could assist. However, the general exclusion of service industries from the bank's financing activities ("except where there is the prospect of manufacturing in the short-term"[51]) still holds.

In any event, NIDB's responsiveness to relevant elements of public policy occasions no surprise. Among other things, the policy environment constantly reminds the bank of its assigned roles. For instance, the Third Plan made the reminder that "The Nigerian Industrian Development Bank and the Nigerian Bank for Commerce and Industry are expected to play a more stimulating role in the manufacturing activities of the private sector, operating more as industrial promoters than as banks. The government will support them financially and the limit to the funds which will be made available to these institutions will depend only on

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[50]The inexplicability arises, among other things, from the various separate public programmes which exist for small-scale industries and the complete lack of domestic publicity given to this seemingly light change which, in fact, carries significant potential implications. For one thing, it renders the bank's funds open to rapid depletion by including myriads of small-scale enterprises in its constituency of potential clients, enterprises which are typically of proprietary interests (as opposed to limited liability companies) and which, in any case, have no barriers to autonomous self-improvement to "graduate" to the status of at least normal "medium-scale" enterprise. There are also possible political implications since this fundamental change comes in just, about the second year of the newly resuscitated civilian administration. However, whatever the prospective implications, they would not be reflected here since the change occurred early in 1981 while the data used here cover the 1964-1980 period. The implications could be clear only in the future. The change is contained in the statement: "NIDB provides financial assistance to small-, mdeium-, and large-scale enterprises...": see NIDB, General Policies, (Lagos: 1981?), p. 1.

[51]NIDB, General Policies, (Lagos: 1980? & 1981?), pp. 3 & 1 respectively.

their ability to develop and invest in good projects."[52] Similarly, the Fourth Plan not only renewed the commitment that the NIDB and NBCI "will continue to be supported financially to enable them to discharge their functions effectively to government and the business community in general" but also made the imposition that "Both banks apart from promoting and financing private investment will in the future be expected to act as lenders to government-owned companies."[53]

Thus, as the 1980s begin, NIDB could, on the whole, be described as a public finance institution which, with a keen eye on encouraging industrial dispersal from the relatively more industrialized centres, provides medium- and long-term finance (in the form of loans and equity investments) to both new and expanding medium- and large-scale enterprises registered in Nigeria as limited liability companies, are wholly Nigerian owned or have substantial Nigerian equity contents, and are involved in manufacturing, non-petroleum mining or tourism (essentially "hotels of international standard").[54]

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[52] Federal Republic of Nigeria, Third National Development Plan 1975-80, (Lagos: Central Planning Office, 1975), p. 154.

[53] Federal Republic of Nigeria, Outline of the Fourth National Development Plan 1981-85, (Lagos: Federal Ministry of Planning, 1981?), p. 39.

[54] NIDB, General Policies, (Lagos: 1980?), p. 3.

II.2.2: Conditions and Processes of Financial Involvement

NIDB's involvement in the projects it finances takes place within certain guidelines which have changed somewhat with time. The following is a synthesis of such guidelines.

The bank's minimum loan investment in a project it finances is ₦50,000 (₦20,000 in the early 1970s) and the maximum investment of ₦15 million (₦660,000 in the early 1970s) requires a number of conditions to be satisfied: that NIDB's total financial investment (loan and equity) should not exceed 60 per cent (raised to 75 per cent in 1981) "of the project's total capital cost or 15 per cent of the bank's own paid-up share capital and free reserves, whichever is lower";[55] and that NIDB's equity investment, whenever it is made, should be between 11 and 26 per cent of the client enterprise's paid-up capital (albeit with possible exceptions in some cases). The bank's interest rates have ranged between 10½ to 11 per cent per annum (since the late 1970s) and total amortization or repayment time ranges from about five to fifteen years.

When an enterprise has convinced itself that it needs NIDB financing, it initiates preliminary contacts with the bank in writing or in person, preferably armed with some basic data on the would-be client enterprise. The bank, through its Promotion and Development Department, could provide assistance to up-grade the quality of the final application which is required to include a detailed feasibility study covering details relating to the existing resources of the client firm's promoters, the capital structure of the firm, its expected or current (in the case of existing

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[55]NIDB, General Policies, (Lagos: 1981?), p. 2.

establishments) costs and processes of production, market(s) for products, the quality of management, and other details.

When an application (with the feasibility study) has been definitely submitted, NIDB's Appraisal Department thoroughly investigates the project, including visits to the project site. In other words, the bank requires, and goes to considerable lengths to get satisfied that the project for its investments is economically desirable (providing employment, conserving foreign exchange or, at least, not using significant quantities of foreign exchange); technically feasible, and commercially viable (capable of self-liquidation and self-reliant growth within a reasonable time span).

After appraisal, the Investment Committee reviews the proposal and if considered satisfactory, it is recommended to the bank's Board of Directors which ordinarily meets bi-monthly. The Board does the sanctioning which is then conveyed to the promoter by letter. Subsequently, the promoter formally accepts (or refuses) the offer. After acceptance, security arrangements are made. A Loan and Mortgage Agreement is then concluded with the Legal Department and disbursement schedules are worked out with the Finance and Investment Supervision departments.

NIDB maintains a continuing interest in the client firm's operations and usually requires a seat on the company's Board of Directors for as long as its investments remain outstanding.[56]

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[56] For more comprehensive characterizations of NIDB operations in this regard, see NIDB, Explanatory Memorandum and Guide to Applicants, (Lagos: 1971), pp. 1-10; NIDB, General Policies, (Lagos: 1980?), pp. 4-9; NIDB, General Policies, (Lagos: 1981?), pp. 2-7.

In the following analyses of NIDB's financing activities, attempts have been made not only to elicit how much NIDB has contributed to Nigerian industrial growth generally and to the extent that that contribution could reasonably be inferred from financing data, but also how much the bank's avowed identification with the national objective of balanced development has in fact been borne out by the pattern of its financial investments in the 1964-80 period.

CHAPTER THREE

NIGERIAN MANUFACTURING AND NIDB FINANCING: THE AGGREGATE PATTERNS AT THE NATIONAL LEVEL

The more demanding tasks of this study are those relating to the regional (state) patterns of manufacturing vis-a-vis the financing activities of NIDB and the issue of regional imbalance/balance during the study period. However, the main part of this chapter is devoted to analyzing the temporal and structural relationships between manufacturing and NIDB financing at the overall national level in the same 1964-1980 period, leaving the analysis of regional patterns to the next chapter. However, it is conducive to clarity to precede the analyses with some remarks which relate to the data and measurement criteria used (especially in respect of manufacturing) and which have relevance for the analyses at both the national and regional levels.

III.1: Preliminary Remarks and the Data

It may be recalled again that this study adopts a framework which features essentially two unequal time segments, 1964-1974, and 1975-1980. Since the basic analyses are for two points in time, 1974 and 1980, this time segmentation is often implicit. In connection with NIDB financing data, for instance, the 1974 data set is derived by cumulating (summing) the relevant data for the period 1964 to 1974 (inclusive). On the other hand, the 1974 data set in respect of manufacturing represents the cumulative aggregate for previous time periods up to that point in time: no cumulation is therefore required. Similarly for the 1980 data sets for the two fundamental elements of the study. The point about time segmentation is not particularly important for analyzing the temporal relationships of manufacturing and NIDB financing at the national level since available time series data on national manufacturing and the highly complete time series data on NIDB financing could be easily fitted together for the purpose. However, the regional level-analysis requiring more spatial details also requires at least two points in time if it is to be possible to verify how much there has been a change in the direction of (or away from) regional balance in Nigerian manufacturing and NIDB financing especially since the issue of balanced development came into prominence in the early 1970's. The same consideration applies to the analysis of structural changes (at the national level).

Brief attention should now be drawn directly to certain characteristics of and considerations relating to the two primary data sets employed, data relating to manufacturing on the one hand and to NIDB financing on the other. The manufacturing data set is considered first.

III.1.1: Data on Manufacturing and Measurement Criteria

The most reliable data on Nigerian manufacturing are those from the annual surveys of the Industrial Survey Unit of the Federal Office of Statistics (FOS). However, not only have FOS surveys fallen slightly behind schedule for some years but more importantly, it has never been able to obtain a 100 per cent response rate with the manufacturing enterprises or establishments which furnish information for the annual surveys (those employing ten or more people). The response rates of between 65.9 and 91.8 per cent achieved by FOS for some years between 1968 and 1978 illustrate this point.[1] Nevertheless, there is no satisfactorily feasible alternative to the otherwise invaluable records at this statistical agency especially in respect of studies with a nation-wide perspective on Nigerian manufacturing. The overwhelming proportion of such studies have therefore consistently relied on the FOS as a basic data source.

The other major source of data on Nigerian manufacturing, the Industrial Directory, is published at much longer intervals. While it tends to cover more establishments in its listings, its information is less precise (partly for reasons of confidentiality), and fewer categories of information or characteristics are covered for each establishment. For instance, the 1980 edition of the directory from which one

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[1] The response rates for the years 1968-1970 and 1978 are, for instance, as follows:

Year	Total Number of Establishments Expected to Respond (i.e. contacted)	Number of Establishments Actually Responding Acceptably	Response Rate (%)
1968	681	625	91.8
1969	799	639	80.0
1970	852	703	82.5
1978	1615	1064	65.9

Source: FOS, Industrial Surveys, 1968-1970 (Lagos: 1972); and Enquiries at FOS Headquarters, Lagos.

of the data sets for this study derives (especially because it contains the most recent information) does not record values on some variables for varying numbers of establishments listed. The variables on which it consistently provides information are establishment and employment numbers. While the incidence of missing values for a few establishments may not significantly affect analyses treating the whole country as a unit (as in the main part of this chapter which includes paid-up capital investment as measure), it could generate misleading interpretations in respect of regional (state)distributions which have potentials for attracting internal political attention more readily. And for states with very few manufacturing establishments, for instance the incidence of missing values/cases for crucial variables could create serious problems.

One of the most basic decisions that must be made in studies dealing with manufacturing is that concerning the choice of measurement criteria. The use of numerous measures could create divergent problems of interpretation. And although the various measures--establishments or number of plants, value added, value of paid-up capital, employment totals, energy consumption and the like--are generally known to intercorrelate such that any of them could theoretically be employed, the adoption of any of them has its shortcomings. Besides, it is safer to verify such generally-known interrelationships for specific study contexts in order to validate the contextual applicability of such general relationships. This has been done here, using available aggregate data on Nigerian manufacturing from 1964 to 1980 (Table 6A). The resulting intercorrelations

TABLE 6A: Nigerian Manufacturing, 1964-1980

Year	Number of Establishments X_1	Value Added (₦'000) X_2	Number Employed X_3	Gross Prod. Value (₦'000) X_4	Paid-up Capital Investment (₦'000) X_5
1964	687	137,466	76,342	358,778	--
1965	776	172,596	95,614	444,872	134,934
1968	625	207,672	86,728	503,038	128,464
1969	639	290,228	102,532	636,036	160,868
1970	703	392,718	127,162	844,638	191,694
1972	1,052	494,571	167,480	1,045,951	381,962
1973	1,008	579,985	166,820	1,233,199	328,782
1974	1,036	683,671	175,287	1,476,524	373,171
1975	1,290	1,185,334	244,243	2,611,091	--
1976	1,310	1,565,042	274,738	3,583,621	--
1978	1,064	1,989,465	300,397	4,826,820	648,941
1980	2,930	--	291,874	--	2,030,393

Sources: Federal Office of Statistics, Industrial Survey, Nigeria, 1964 and Industrial Survey, Nigeria, 1965 (Lagos); summary reproduced by Babatunde Thomas, Capital Accumulation and Technology Transfer: A Comparative Analysis of Nigerian Manufacturing Industries (New York: Praeger Publishers, 1975), Appendix 2, pp. 125-128, for 1964 and 1965; Federal Office of Statistics, Industrial Survey, Nigeria, 1968-1970 (Lagos: 1976); also Industrial Survey publications and returns by FOS for 1972, 1973, and 1974, as well as for 1975 to 1978; FOS, Economic Indicators (Lagos: March 1975); Nigerian Investment Information and Promotion Centre, Federal Ministry of Industries, Industrial Directory, 8th Edition (Lagos: March 1980).

Notes:
(1) The 1968 and 1969 industrial surveys did not cover the three eastern states at the time because of the Civil War.
(2) The surveys covered establishments employing ten or more people.
(3) Paid-up capital value shown for 1978 is for the 578 establishments with that information.
(4) Money values for years before and including 1971 have been multiplied by 2 to convert to Naira (₦) values, the Nigerian monetary unit.

(Table 6B) reveal, as expected, highly significant interrelationships between each pair of the measures used. In any event, while most social studies favour the employment criterion, decisions on measurement selection most often reflect the nature and purpose of particular studies and practical considerations relating to data availability.

It is particularly desirable here, too, that data on the measures used in the basic analyses should be uniformly available for chosen data years of the study, at least for each level of the analyses involved (the national and the regional). As already mentioned, lack of information on a few establishments in respect of particular variables (measures) may not be as critical for analysis at the national level (treating the nation as one unit) as it would be for analysis at the regional level.* For this reason, the paid-up capital investment measure which would have been ideal for analysis at both levels (in a study which emphasizes the investment or financing activities of an institution), is used only at the national level.

Two other measures used in the basic analyses are establishment and employment numbers. Establishments are not only the basic production units; they are also the active entities whose promoters represent in making financing arrangements with NIDB. While the establishment measure enters into the analyses at the national level only to the extent necessary to indicate the number of production units associated

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* Because what is being used is a mammoth "sample" which is almost the same as the population but this may not be wise especially for states with few total establishments in the first place.

TABLE 6B: Correlation Matrix of Measures of Nigerian Manufacturing, 1964-1980

		X_1 ESTABS	X_2 VALADDED	X_3 EMPLOYMT	X_4 GPV	X_5 PAIDUPCA
X_1	ESTABS	1.000	0.770*	0.710*	0.734*	0.989**
X_2	VALADDED		1.000	0.975**	0.998**	0.934**
X_3	EMPLOYMT			1.000	0.960**	0.782*
X_4	GPV				1.00	0.916**
X_5	PAIDUPCA					1.000

* Significant even at .01 level.

** Significant at more than .01 level.

Note: The variables, X_1 through X_5, have been identified in column headings in Table 6A. Shortened forms of the variable names (as used in computer processing) have also been used as column headings here for convenience, a device also used in similar tables below.

with the values concerned, it forms one of the two primary measures of manufacturing in the basic regional-level analyses. On the other hand, the employment measure used at both the national and regional levels hardly needs justification. Employment is the basic mechanism for distributing a society's wealth and a balanced development policy would hardly be meaningful if it does not translate into enhanced income-generating employment.

In summary, the variables used for the basic analyses at the two levels of investigation could be recalled thus:

(a) paid-up capital investment and employment at the national level of analysis; and

(b) establishment (or number of plants) and employment at the regional (state) level.

These measures have been used at the respective levels to relate manufacturing to NIDB financing patterns. Of the two measures indicated for the regional-level analyses, the employment criterion (which correlates highly significantly with the establishment criterion anyway) has been employed to explore how much the emergent industrial-activity patterns have (or have not) been progressing in the direction of increased regional balance.

Finally, on manufactural data, the analysis of sectoral (industry-type) or structural characteristics in relation to NIDB financing (feasible and worthwhile at the national level) has been executed within a framework which uses the International Standard Industrial Classification (ISIC) system at the two-digit level (see Table 7, for instance).[2] The other major set of data, that relating to NIDB, also requires some clarifying remarks.

III.1.2: Data on NIDB Financing

As indicated earlier (section I.6.2), NIDB financing involvement is measured by the money value of the sanctions it has made to its various client establishments (companies or enterprises) from 1964 to 1980. A sanction in this context is a formal commitment by the bank to provide financing in the form of equity, loan or both to an enterprise in accordance with terms specified in the eventual financing agreement, an agreement which is binding on both the client enterprise and the bank. A sanction thus represents the formal favourable conclusion of the application-for-financing process initiated by a would-be client enterprise at some previous point in time: it is formalized approval for financing. If no sanction withdrawal or cancellation takes place, the value of a development bank's sanctions would, over time, equal its cumulative stream of disbursements, the latter (disbursement) being essentially the actual scheduled paying out of the financing funds according to terms in the financing agreement.

There are two fundamental conditions which could render a sanction inoperative and lead to cancellation or withdrawal: shortage of funds on the part of the bank to a point where it cannot honour its financing commitments; and inability on the part of the promoters of an enterprise to meet conditions in the financing agreement, often

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[2] See also, International Labour Office, Yearbook of Labour Statistics, (Geneva: 1971), p. 758.

the security requirements. NIDB has never experienced financial difficulties to the point of being unable to meet its sanction commitments. On the contrary, the bank has enjoyed such large infusions of public funds since the early 1970s (section II.2.1 above) that its problem might well be how to get enough bankable projects (client enterprises it could finance in ways consistent with its operating criteria) to take advantage of its financing capabilities. And the bank's investment activities have consistently yielded profits year after year, its net (after-tax) profits for 1976, 1977, 1978, 1979 and 1980 being ₦1.3 million, ₦1.4 million, ₦1.4 million, ₦3.4 million and ₦4.3 million respectively,[3] for instance.

On the other hand, there has been a number of cases of sanction cancellation or withdrawal arising from the demonstrated inability of some client enterprises to fulfil one part or the other of the financing agreement, either by default after an allowed time span has elapsed or by explicit representations (such as an indication of lack of further interest in the financing arrangement).

A critical part of the enquiries for this study, therefore, concerned the issue of sanction cancellation or withdrawal. It was revealed that there were forty cases of sanction withdrawal during the study period. Since there were 421 sanctions altogether (in the main, one to each individual client enterprise), the withdrawals (which occurred primarily in the 1972-1978 period) constitute 9.5 per cent of all sanctions made during the study period (Tables 7 and 8). The

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[3]NIDB, Annual Reports & Accounts, for 1977, 1978, 1979 and 1980.

TABLE 7: NIDB SANCTION WITHDRAWALS, 1964 - 1980: DISTRIBUTION BY SECTORS

ISIC CODE (2-Digit Level)	SECTOR DESCRIPTION	No. of Establishments	NIDB PARTICIPATION WITHDRAWN (₦' 000)				Time of Sanction	Time of Withdrawal
			Equity	Loan	Total	%		
	Hotel and Tourism	2	-----	1250	1250	9.7	1973 & 1975	1975 & 1977
31	Food, Beverages, and Tobacco	10	450	2429	2879	22.5	1964-76	1972-78
32	Textiles, Wearing Apparel, and Leather Industries	8	330	3339	3669	28.7	1979-74	1973-78
33	Wood and Wood Products, Including Furniture	3	----	176	176	1.4	1970-72	1974
34	Paper and Paper Products, Printing and Publishing	2	40	370	410	3.2	1970-71	1973-74
35	Chemicals, Petroleum, Coal, Rubber, and Plastic Products	5	-----	1936	1936	15.1	1968-74	1972-78
36	Non-Metallic Mineral Products, except Petroleum and Coal	1	-----	800	800	6.2	1970	?
37	Basic Metal Industries	1	-----	600	600	4.9	1976	1978
38	Fabricated Metal Products, Machinery, including Electrical, Communication Equip	7	50	936	986	7.7	1969-73	1972-76
39	Other Manufacturing Industries	1	-----	100	100	0.8	1975	1978
Total		40	870	11936	12806	100.0*	1964-76	1972-78

*Percentage total does not add up to exactly 100, because of rounding.

Notes: (1) #1 is equivalent to $1.52 U.S. on $1.94 Canadian in mid-1982. (2) The temporal pattern of NIDB withdrawals suggests that the bank allows a minimum of two years after sanctions have been made before invoking, in appropriate cases, the relevant criteria for sanction withdrawal. Apparently, cases of sanction withdrawal are relatively few and do not occur for every year. (3) The number of establishments is the same as the number of sanctions, since each client establishment involved with sanction withdrawal received financing sanction only once.

Source: Computation based on field enquiries at NIDB headquarters, Lagos, early 1981.

TABLE 8: NIDB Sanction Withdrawals, 1964-1980: Distribution by States

	1	2	3	4		5	6
State	No. of Establishments	NIDB Participation Withdrawn (₦'000)				Time of Sanction	Time of Withdrawal
		Equity	Loan	Total	%		
1. Anambra	6	0	1904	1904	14.9	1970-74	1972-78
2. Bauchi	2	500	608	1108	8.7	1969-71	1975
3. Bendel	3	0	1990	1990	15.5	1971-74	1978
4. Benue	1	0	250	250	2.0	1973	1975
5. Borno	1	0	600	600	4.7	1976	1978
6. Crossriver	-	No withdrawals			-	-	-
7. Gongola	-	No withdrawals			-	-	-
8. Imo	-	No withdrawals			-	-	-
9. Kaduna	2	0	1640	1640	12.8	1970&75	19??&77
10. Kano	2	80	1020	1100	8.6	1970&71	1973&74
11. Kwara	1	0	440	440	3.4	1971	1973
12. Lagos	19	290	2514	2804	21.9	1964-75	?-1978
13. Niger	-	No withdrawals			-	-	-
14. Ogun	-	No withdrawals			-	-	-
15. Ondo	1	0	20	20	0.2	1970	?
16. Oyo	1	0	300	300	2.3	1970	1974
17. Plateau	-	No withdrawals			-	-	-
18. Rivers	1	0	650	650	5.1	1976	1978
19. Sokoto	-	No withdrawals			-	-	-
Total (1964-1980)	40	870	11936	12806	100.0*	1964-76	1973-78

* Percentage values add up to 100.1 because of rounding.

Notes: See bottom of Table 7.

Source: Same as for Table 7.

withdrawals occurred unevenly virtually in all sectors of industry, the proportions of the total money value involved (₦12,806,000) ranging from 0.8 per cent for the category of miscellaneous (other) manufacturers to 28.7 per cent for textiles, wearing apparel and leather industries (Table 7). Regionally, seven of the nineteen states did not have client enterprises whose sanctions were withdrawn while of the remaining twelve most did; the proportions of the total values withdrawn were lowest for Ondo state (0.2 per cent) and highest for Lagos state (21.9 per cent). (See Table 8.) Of course, the significance of sanction withdrawal from a sector (industry group) or a region (state) depends on the total value of sanctions before withdrawals occur, that is, the net sanctions left after withdrawal has taken place. This point is further addressed later.

The specific questionnaired enquiry in this regard revealed two basic reasons for sanction withdrawal: promoter's request (three cases or 7.5 per cent); and time lag or delay in project implementation (37 or 92.5 per cent of the 40 withdrawal cases). While "promoter's request" amounts to explicit formal rejection of the bank's offer of financing services, the problem of delay or time lag in project implementation arises from the inability of the promoters concerned, even after a period averaging two to three years after obtaining sanctions, to fulfil their parts of the financing agreement, especially the provision of counterpart funds and security.[4]

From the point of view of data for this study, the simple

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[4]Enquiries at NIDB headquarters in Lagos, Nigeria, early 1981.

solution to the problem of sanction withdrawal is to delete or subtract the associated values from the gross value of sanctions; and since the initial raw data were obtained on an establishment-by-establishment (sanction-by-sanction) basis, this was a simple task indeed even at the computer-processing stage. Thus, the values analyzed below are net-sanction values which, over time, should equal the cumulative stream of disbursements.

One fact about disbursement which makes the use of net sanctions more systematic, meaningful and (in fact) unavoidable is that disbursements do not occur completely in the year in which the corresponding sanctions are made: they are most commonly made periodically over a rather indefinite period of time, depending on the disbursement terms in the specific financing agreements and/or the promptitude with which promoters complete different phases of project implementation. Thus, disbursement occurs in "disjointed streams" and the bank's disbursement data for a given year do not show project-specific details (of location, name, the particular previous year in which the corresponding sanction was made, and so on). As already indicated, however, over a long period of time such as that covered here, net sanctions would equal total disbursements except that the disbursements for the more recent sanctions (for instance from 1978 or 1979 forwards) would still be going on even as this writing is being done: it is a never-ending streaming process.

For purposes of validation, the relationship (which, over time, would be "identity") between net sanctions and disbursements for the 1964-1978 period has been explored by simple correlation procedures (see Table 9 and Appendix I). It could be pointed out that the basic

TABLE 9: Correlation Matrix Indicating Relationships Between NIDB Sanctions and Disbursements, 1964-1978*

		X_1 SANEQUIT	X_2 SANLOAN	X_3 SANTOT	X_4 DISBEQUT	X_5 DISBLOAN	X_6 DISBTOT
X_1	SANEQUIT	1.000	0.738**	0.923**	0.716**	0.740**	0.749**
X_2	SANLOAN		1.000	0.929**	0.473	0.739**	0.722**
X_3	SANTOT			1.00	0.641**	0.812**	0.806**
X_4	DISBEQUT				1.000	0.872**	0.894**
X_5	DISBLOAN					1.000	0.999**
X_6	DISBTOT						1.000

* Significant at .01 level.

** Significant at more than .01 level.

Source: Computed from sanctions and disbursements data in Appendix I.

financing data (Appendix I and Table 9) are sanction equity (X_1) and sanction loan (X_2) on the one hand and disbursement equity (X_4) and disbursement loan (X_5) on the other. The respective totals, sanction total (X_3) and disbursement total (X_6) are summations of each pair of equity and loan values. Thus, the most important coefficient on Table 9 is the value of the correlation between X_3 and X_6 (0.894) which is significant even beyond the .01 level, a reflection of the expected identity or near-identiy between sanctions and disbursements.

In the succeeding analyses, NIDB's net sanctions are used to elicit the bank's impact on the pattern of manufacturing. The analyses at the national level, the main subject of this chapter, could now begin.

It is useful in maintaining some perspective to briefly characterize, as an initial step, the contemporary character of Nigerian manufacturing and the temporal dynamics of its growth process before confining attention to its temporal and sectoral relationships with NIDB financing.

III.1.3: Contemporary Nigerian Manufacturing and Its Dynamics

There were, in 1980, 2,930 manufacturing establishments in the country employing at least ten people each. The corresponding employment total was 291,874. The employment sizes of the establishments ranged from 10 to over 2,000, with about 82.2 per cent of them in the 10-100 employment-size range (Table 10). On the other hand, however, most of the employment was concentrated in the larger establishments, nearly 80 per cent being in those establishments employing over 100

TABLE 10: Nigerian Manufacturing Establishments in 1980 by Employment-Size Ranges

1		2	3	4	5	6
	Employment Ranges	Establishments		Employment		Employees Per Establishment
		Number	%	Number	%	
	10-25	1779	60.7	30,209	10.4	17
	26-50	395	13.5	14,615	5.0	37
	51-100	231	8.0	17,320	5.9	75
	101-200	204	7.0	30,580	10.5	150
	201-500	208	7.1	72,900	25.0	350
	501-1000	67	2.3	50,250	17.2	750
	1001-1999	32	1.1	48,000	16.4	1500
	2000 and over	14	0.5	28,000	9.6	2000
Total	-	2930	100.0	291,874	100.0	100

Source: Computed from Nigerian Investment Information and Promotion Centre, Federal Ministry of Industries, Industrial Directory, 8th Edition (Lagos: 1980).

Note: (1) Employment data in the 1980 Industrial Directory are stated in ranges denoted by alphabetic codes, thus: B denotes 10-24, C for 25-49; D for 50-99; E for 100-199; F for 200-499; G for 500-999; H for 1000-1999; and I for 2000 or more. The device used for converting these ranges into the absolute-value aggregates in this table has been to take the mid-point value for each employment range as the employment value for the corresponding establishment, thus B=17; C=37; D=75; E=150; F=350; H=1500; and I=2000. One unavoidable result of this conversion process is probably an underestimation of total employment values, especially in respect of establishments employing more than 2000 and for which the value of 2000 has had to be imputed.

(2) Information in the directory is significantly (reliably) available only for the three variables of establishment, employment and capital investment. Even then, the capital investment information is not recorded for numerous establishments.

people.[5] In fact, the consistent pattern is that the number of employees per establishment varies inversely with the total number of establishments in each employment size range (columns 2 and 6 of Table 10).

These establishments have, since the mid-1960's, been of diverse characteristics, ranging from large, highly capital-intensive enterprises, through medium-scale, more labour-intensive processing and assembly enterprises, to small-scale industries of varying degrees of capital intensity employing (in some cases) hand tools and skilled artisan labour and (in others) semi-skilled workers producing less refined consumer goods.[6] And although all the broad categories of manufacturing (from food and related processing through textiles, wood products, paper and printing and publishing, chemicals and plastics, non-metallic mineral products, and basic metal industries to fabricated metal products and other industries) are represented (see Table 11), a continuing concern of public policy has remained that of further broadening and diversifying the country's industrial structure. This arises

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[5] See notes at the bottom of Table 10. It should also be noted that the Nigerian practice of disregarding establishments employing less than 10 people in the official statistics has led to consistent underestimation of industrial activity in the country. For instance, a sample survey of 199 villages carried out by the FOS in 1965 revealed that over 900,000 households were engaged in smaller-scale (or cottage) industries throughout the country and empirical observation indicates that the number would be similarly high in the larger towns and cities: see, FOS, Productive Activities of Households, (Lagos: 1966), p. 4.

[6] Cf. Peter Kilby, Industrialization in an Open Economy, (1969), pp. 17-18.

TABLE 11: NIGERIAN MANUFACTURING IN 1974 AND 1980: SECTORAL DISTRIBUTIONS BY ESTABLISHMENTS, EMPLOYMENT AND PAID-UP CAPITAL INVESTMENT

ISIC CODE (2-DIGIT LEVEL)	DESCRIPTION	1974						1980						Employment per Establishment	
		Establishments		Employment		Paid-up Capital		Establishments		Employment		Paid-up Capital			
		No.	%	No.	%	Amount (₦'000)	%	No.	%	No.	%	Amount (₦'000)	%	1974	1980
31	Food, Beverages, and Tobacco	241	23.3	30,521	17.4	65,303	19.3	761	26.0	56,907	19.5	227,869	11.2	127	75
32	Textiles, Wearing Apparel, and Leather Industries	161	15.5	55,179	31.5	97,606	28.8	562	19.2	62,150	21.3	160,901	7.9	343	111
33	Wood and Wood Products Including Furniture	196	18.9	15,069	8.6	9,718	2.9	324	11.1	20,731	7.1	15,433	0.8	77	64
34	Paper and Paper Products, Printing and Publishing	94	9.1	12,372	7.1	21,745	6.4	224	7.6	24,404	8.4	833,371	41.0	132	109
35	Chemicals, Petroleum, Coal, Rubber, and Plastic Products	108	10.4	26,918	15.4	48,569	14.3	312	10.6	43,095	14.8	501,049	24.7	249	138
36	Non-Metallic Mineral Products, except Petroleum and Coal	66	6.4	9,046	5.2	60,375	17.8	135	4.6	13,003	4.5	142,823	7.0	137	96
37	Basic Metal Industries	19	1.8	2,463	1.4	1,500	0.4	17	0.6	1,899	0.7	3,957	0.2	129	112
38	Fabricated Metal Products, Machinery including Electrical and Communication Equipment	133	12.8	22,048	12.6	33,649	9.9	551	18.8	17,578	23,2	143,495	7.1	167	123
39	Other Manufacturing Industries	18	1.7	1,671	1.0	613	0.2	44	1.5	2,107	0.7	1,495	0.1	93	48
	TOTAL	1,036	100.0	175,287	100.0	339,078	100.0	2,930	100.0	291,874	100.0		100.0	169	100

Note: (1) Percentage values do not always add up to exactly 100 because of rounding.
(2) Data summarized here pertain only to establishments employing ten or more people.

Sources: Computed from the 1974 industrial survey returns of the Federal Office of Statistics and the Nigerian <u>Industrial Directory</u>, 1980 from the observed dominance of low-technology light industries in the country's industrial output structure[7] which has not changed much since the early 1970's. Thus, for instance, the three leading sectors or industry group types in 1974 were, by employment, those connected with textiles (31.5%), food processing (17.4%) and chemicals (15.4%). By 1980, the only significant change was that fabricated metals had assumed the largest employment proportion (23.2%), with textiles (21.3%) and food processing (19.5%) moving into the second and third places respectively. The relative share of basic metal industries had even dropped in the six-year period (Table 11).

In terms of fundamental employment generation as measured by the number of employees per establishment, however, there were some remarkable shifts between 1974 and 1980. The leading employment generators were textile and wearing apparel (ISIC 32), chemicals (ISIC 35), and fabricated metal products (ISIC 38), in that order in 1974. The remarkable shift which had occurred by 1980 consisted not only in a generally reduced level of employment generation per establishment but also the relative movement of chemicals (ISIC 35), fabricated metals (ISIC 38) and basic metal industries (ISIC 37) into the first, second and third positions respectively: textiles (ISIC 32) had dropped to the fourth place in this regard within six years (a reflection, perhaps, of the widely-noticed depression in this industry

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[7] Central Planning Office, The Third National Development Plan 1975-80, (Lagos: 1975), Vol. 1, p. 147; Federal Republic of Nigeria, Outline of the Fourth National Development Plan 1981-1984, (Lagos: 1981), pp. 39-40.

group in Nigeria in the last half decade or so). See Table 11, last two columns.

In any event, the country's manufacturing employment was, on the whole, growing at the mean annual rate of 8.0 per cent in the 1974-1980 period.[8] As has been observed elsewhere,[9] and apart from the unimpressive contribution of the manufacturing sector to GDP (partly due to the swamping effect of petroleum) in the 1970's, it could be remarked again that the higher growth rates recorded for Nigerian manufacturing in the 1960's (in spite of the Civil War) were probably due to the smaller base of industrial production in the country in the early part of that decade.

In fact, the incidence and growth of manufacturing in Nigeria is primarily a phenomenon of the period since the Second World War. Thus, an analysis of the surviving[10] manufacturing establishments

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[8] Compare the compound interest rate of growth for the manufacturing sector (of 12.2 per cent per annum, measured by the value added criterion) for the period 1962 to 1972: Central Planning Office, op. cit. (1975), p. 147.

[9] See J.O. Akintola, op. cit. (1975), pp. 154-155, for instance.

[10] The word "surviving" is used to indicate, as an official of the Federal Ministry of Industry once commented during field enquiries, that there have been remarkable instances of failure for manufacturing establishments in Nigeria, especially during the period of most rapid growth in the 1960's. The issues of failure and success of adoptions are well known in diffusion studies. And although the subject of industrialization in LDCs has become a normal part of the economic development literature in the last two decades, the process is nevertheless an innovation which has not completed its diffusion phases. Like other innovations, the success or failure of manufacturing at a location is dependent, among other things, on the quality and quantity of information about the location, the use made of the information by the

(with known years of inception) in the country in 1980 reveals that about 51 per cent of them came into being in the 1961-1970 period and that on the whole about 74 per cent started operation only since the country's independence in 1960 (Table 12A).

The two oldest establishments started functioning in 1894 and successive additions came very slowly until the 1950's when a decidedly strong growth trend became noticeable (Figure 4). Thus, about 26 per cent of the manufacturing establishments in the country (whose years of inception were known) in 1980 took the period between 1894 and 1960 (64 years) to emerge while the bulk (of about 74 per cent) have been established in the two decades since the early 1960's.

It would be noticed in Figure 4 that the long period of slow growth from 1894 to about 1955 is followed by the other period of rapid growth from then up to the mid-1970's when the curve begins what seems a tendency to taper off. Accordingly, the cumulative growth curve strikingly resembles a rather incomplete form of the S-shaped or logistic curve of diffusion studies: the long bottom of the S, representing the take-off period of slow growth is very pronounced; the middle or intermediate stage of more rapid adoption is quite prominent; and the top part of the S representing the final stage of declining adoptions (1970's) is, as yet, hardly perceptible from the

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locational actor (firm, establishment or entrepreneur) and chance or luck: Allan Pred, The Spatial Dynamics of U.S. Urban-Industrial Growth, 1800-1914 (Cambridge: The M.I.T. Press, 1966), pp. 100-101; Allan Pred, Behaviour and Location, Lund Studies in Geography, Ser. B, No. 28, 1969, pp. 21-64.

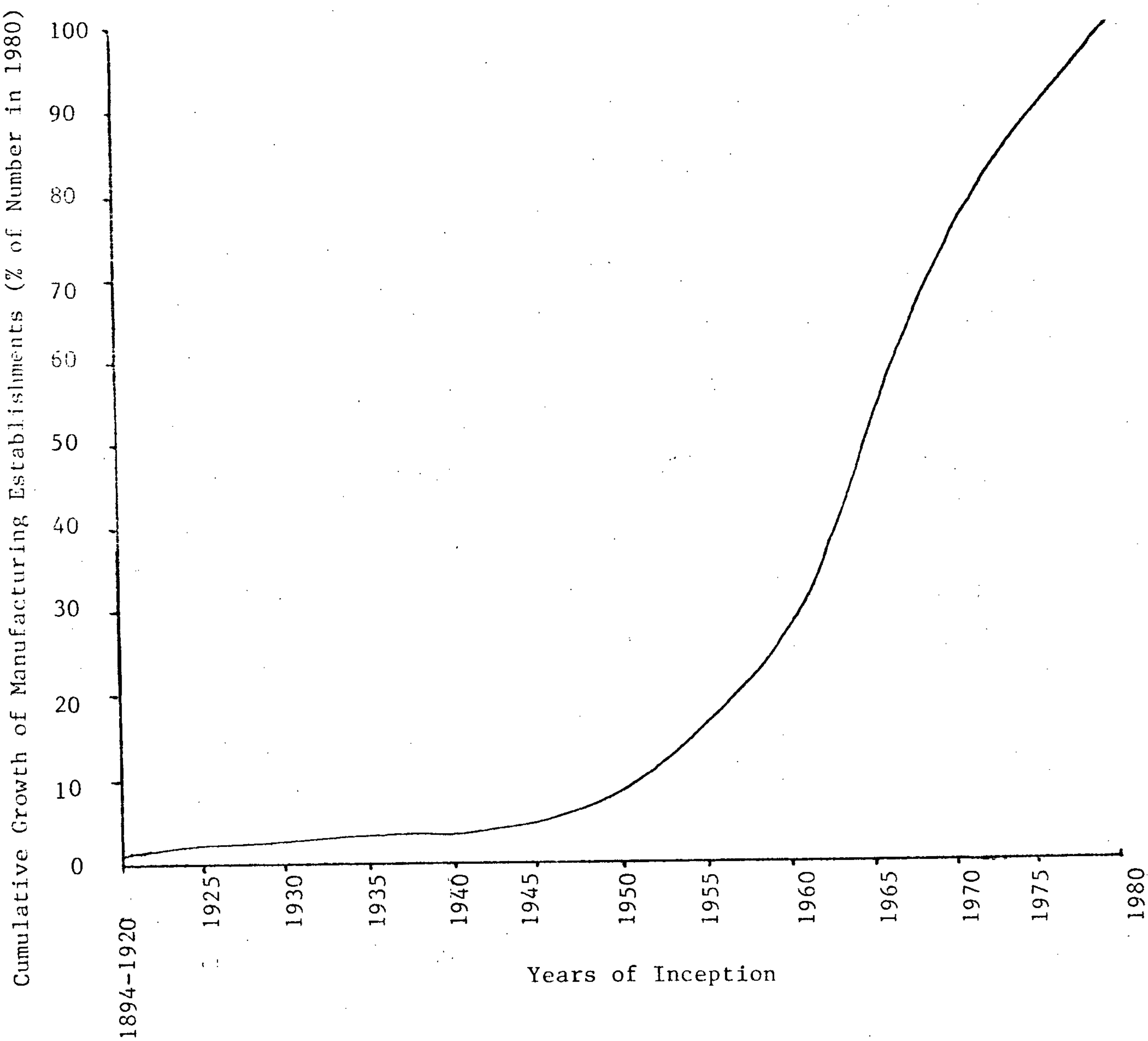
TABLE 12A: Nigerian Manufacturing Establishments in 1980: Distribution by States and Known Years of Inception

State	Number of Establishments By Years of Inception							Total	%
	1894-1920	1921-1930	1931-1940	1941-1950	1951-1960	1961-1970	1971-1980		
1. Anambra	-	-	2	4	37	46	22	111	5.9
2. Bauchi	-	-	-	-	-	2	1	3	0.2
3. Bendel	6	1	2	14	34	105	67	229	12.1
4. Benue	-	-	-	-	5	10	21	36	1.9
5. Borno	-	-	1	-	4	6	3	14	0.7
6. Crossriver	2	2	1	2	30	98	38	173	9.2
7. Gongola	-	-	-	-	-	-	-	-	-
8. Imo	-	-	-	6	41	52	14	113	6.0
9. Kaduna	2	3	-	2	10	25	7	49	2.6
10. Kano	3	2	1	4	25	53	16	104	5.5
11. Kwara	1	-	-	-	6	22	7	36	1.9
12. Lagos	1	5	11	29	119	324	79	568	30.1
13. Niger	-	-	-	-	2	-	2	4	0.2
14. Ogum	-	-	-	1	4	9	2	16	0.8
15. Ondo	-	-	-	2	8	15	24	49	2.6
16. Oyo	-	-	-	6	21	26	3	56	3.0
17. Plateau	1	1	2	2	4	11	4	25	1.3
18. Rivers	-	-	-	1	20	146	120	287	15.2
19. Sokoto	-	-	-	-	5	5	2	12	0.6
Total No.	16	14	20	73	375	955	432	1885	-
Percentage	0.8	0.7	1.1	3.9	19.9	50.7	22.9	-	100.0
Cumulative %	0.8	1.5	2.6	6.5	26.4	77.1	100.0	-	-

Notes: There were 2930 manufacturing establishments employing 10 or more people in 1980. This table shows distributions for the 1885 for which information on year of inception is available. The remaining 1045 establishments (a few of which are in Gongola state with no entries here) have no information on startment years.

Source: Computed from Nigerian Investment Information and Promotion Centre, Federal Ministry of Industries, Industrial Directory, 8th Edition (Lagos: 1980).

FIGURE 4: NIGERIAN MANUFACTURING ESTABLISHMENTS IN 1980: CUMULATIVE PERCENTAGE GROWTH BY KNOWN YEARS OF INCEPTION



empirical curve.[11] On the whole, the curve suggests that industries are still growing in the country but seemingly with slower momentum than in the 1960's.

The rest of this chapter is devoted to analyzing, at the national level, the relationship between manufacturing and NIDB financing during the study period.

III.2: Nigerian Manufacturing and NIDB Financing: The Temporal and Structural Relationships

As indicated above (section III.1.1), the criteria of paid-up capital investment and employment have been used as measures of manufacturing in the analysis of the temporal and sectoral relationships (or impact) of industrial development vis-a-vis NIDB financing at the national level. Also as remarked earlier (section III.1), division of the study period (1964 to 1980) into time segments is not particularly important for the analysis at the national level except as incidentally warranted by the temporal pattern of data availability on total manufacturing on the one hand (see Table 12B for example) and the analysis of sectoral relationships for appropriate points in time (1974 and 1980) on the other hand. The analysis of temporal relations

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[11]It is possible that the elimination of a large number of manufacturing establishments from the generation of the curve in Figure 4 (due to lack of information on start-up year for some establishments) might have influenced the general configuration of the curve (see note at the bottom of Table 12A).

TABLE 12B: Total Manufacturing and NIDB Net Financing (Cumulated to Match Total Manufactural Data), 1965-1980

	1	2	3	4	5	6	7	8	9
Year	Total No. of Establishments	Total Paid-Up Investment in Mfg. (₦'000)	Total Employment in Mfg.	NIDB-Assisted Establistments (No.)	Employment in NIDB Assisted Establishments (No.)	Total NIDB Net Financing (₦'000)	Col. 4 as % of Col. 1	Col. 6 as % of Col. 2	Col. 5 as % of Col. 3
1965	776	134934	95614	44	12071	6042.0	5.7	4.5	12.6
1968	625	128464	86728	67	15603	10219.0	10.7	8.0	18.0
1969	639	160868	102532	82	23377	14309.0	12.8	8.9	22.8
1970	703	191694	127162	100	25624	18053.0	14.2	9.4	20.2
1972	1052	381962	167480	140	33931	29614.5	13.3	7.8	20.3
1973	1008	328782	166820	167	39959	45344.2	16.6	13.8	20.3
1974	1036	373171	175287	186	45400	62361.5	18.0	16.7	25.9
1978	1064	648941	300397	301	78448	280279.2	28.3	43.2	26.1
1980	2930	2030393	291874	381	88109	380826.7	13.0	18.8	30.2

Sources: Sources cited at the bottom of Table 6A; and enquiries at NIDB Headquarters, Lagos, 1981.

Note: The data on this table starts from 1965 because one of the measures used for total manufacturing (paid-up capital investment) is available only from that year forward. NIDB-related data have been cumulated appropriately to match the total manufactural data.

(or impact) comes first; it is followed by an examination of sectoral relationships. In both cases, the total of NIDB's equity and loan sanctions is used to measure the bank's financing activity.

III.2.1: The Temporal Relationships Between Industrial Development and NIDB Financing at the National Level

The relevant data could be viewed in a preliminary way by referring to the overall totals of the values involved as well as to simple proportions or percentages.

In the 1965-1980 period,[12] Nigerian manufacturing establishments increased from 776 to 2930 and the corresponding paid-up capital investment and employment increased from ₦134.9 million to ₦2,030.4 million on the one hand and from 95,614 to 291,874 people on the other hand. During the same study period, NIDB's total net financing increased from ₦6.0 million to the cumulative grand total of ₦380.8 million. The associated client establishments or enterprises were 44 in 1965 and by 1980 the number had risen to a total of 381. The increase in the employment associated with the bank's client enterprises was from 12,071 to 88,109 people (Table 12B)[13]. Thus the proportion of Nigerian manufacturing establishments which received NIDB financing rose unsteadily from 5.7 per cent in 1965 to 13.0 per

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[12]The initial year is indicated as 1965 here because of the cumulation which has had to be done in order to establish a temporal match between the arrays of data on manufacturing and NIDB financing (see Appendix II and Table 12B).

[13]Notice that the values indicated for total manufacturing on Table 12-B are values of relevant measures shown in Table 6A above. The year-by-year totals for NIDB financing (including the cost structures of projects or enterprises assisted) from 1964 to 1980 and shown in Appendix III.

cent in 1980. Similarly, the employment in NIDB-assisted establishments increased from 12.6 per cent of the total national manufactural employment in 1965 to 30.2 per cent in 1980; and the proportion of total paid-up capital investment in the country's overall manufacturing constituted by NIDB's total financing increased from 4.5 per cent in 1965 to 18.8 per cent in 1980 (Table 12B, columns 7, 9 and 8).

The suggestion by these empirical values, that the impact of NIDB's financing activities (by both equity and loan investments) have been such that Nigerian total manufacturing has generally increased as NIDB financing increased yearly during the study period is, in fact, to be expected and that suggestion is further reinforced by the high positive correlations between the indicators or measures of national manufacturing and the indicators associated with NIDB financing (Table 13).

For the analysis at this point, the most important relationships are those indicated by the correlations between total manufacturing establishments (X_1), paid-up capital investment (X_2) and employment (X_3) on the one hand and NIDB total financing, i.e. the sum of equity and loan financing (X_{11}) on the other. The correlation values (of each of X_1 through X_3 with X_{11}) are significant even beyond the .01 level (Table 13). The equally significant correlations among the indicators of national manufacturing (X_1 through X_3) are, as shown before (Table 6B), quite normal. Similarly, the high intercorrelations especially among the variables composing the capital structure of NIDB-assisted enterprises (project equity or X_6, project loan or X_7 and project total or X_8) on the one hand and among the components of

TABLE 13: CORRELATION MATRIX INDICATING TEMPORAL RELATIONSHIPS BETWEEN MEASURES OF NATIONAL MANUFACTURING (X_1 to X_3) AND VARIABLES ASSOCIATED WITH NIDB FINANCING (X_4 through X_{11}), 1965 - 1980

		X_1	X_2	X_3	X_4	X_5	X_6	X_7	X_8	X_9	X_{10}	X_{11}
		ESTABS	PAIDUPCA	EMPLYMNT	PROJESTA	PROJEMPL	PROJEQUT	PROJLOAN	PROJTOT	NIDBEQUT	NIDBLOAN	NIDBTOT
X_1	ESTABS	1.000	0.989	0.727*	0.840	0.791	0.817	0.807	0.978	0.867	0.843	0.845
X_2	PAIDUPCA		1.000	0.782	0.883	0.844	0.880	0.872	0.992	0.922	0.904	0.906
X_3	EMPLYMNT			1.000	0.912	0.985	0.948	0.944	0.791	0.928	0.931	0.931
X_4	PROJESTA				1.000	0.995	0.965	0.956	0.897	0.965	0.955	0.956
X_5	PROJEMPL					1.000	0.968	0.962	0.861	0.960	0.955	0.955
X_6	PROJEQUT						1.000	1.000	0.897	0.995	0.997	0.997
X_7	PROJLOAN							1.000	0.888	0.993	0.997	0.996
X_8	PROJTOT								1.000	0.934	0.913	0.915
X_9	NIDBEQUT									1.000	0.998	0.998
X_{10}	NIDBELOAN										1.000	1.000
X_{11}	NIDBTOT											1.000

* Significant at the .05 level; all the other coefficients are significant at the .01 level.

Note: The variable names are shown in abbreviated forms across the top of this table and indicated fully in Appendix II.

Source: Computed from the values of the 11 variables in Appendix II.

NIDB financing or participation (NIDB equity or X_9, NIDB loan or X_{10} and NIDB total or X_{11}) on the other could hardly have been otherwise in view of the linear dependence among the variables in each group.

In partial conclusion on the temporal relationships between industrial development and NIDB's financing activities, it could be said that the bank's financial investments have had a positive effect; as its net equity and loan financing have increased over the years, so also has the intensity or extent of manufacturing in the country. However, whether or not the sectoral pattern of the bank's financing has tended to be proportionately concentrated in one sector rather than another (in furtherance of the national industrial development objective of diversifying the country's industrial output structure especially since the early 1970's) is another matter which will now be examined.

III.2.2: National Industrial Output Structure and NIDB Financing

The output structure of Nigerian manufacturing has been a matter of concern and attention for the country's industrial development planning. The sectoral breakdown or output structure of manufacturing is conceived as the percentage share of the various industry-type groups or sectors (designated at the two-digit level by the 9 ISIC numbers in this study) in national manufacturing.

A reliably focussed analysis of Nigerian industrial output structure for 1972, for instance, has revealed a number of lower-than-normal performance features, especially as compared to some other developing countries.[14] First is the dominance of low technology light industries reflected in the contributions of 34.3 per cent and 17 per cent of value added respectively by food, beverages and tobacco (ISIC 31) and textiles and wearing apparel (ISIC 32), for a combined share of 51 per cent (instead of about 31 per cent for the other developing countries compared).

The second is the essential insignificance of the engineering industry group. Although this group's aggregate contribution of 12.9 per cent compared rather favourably with the 16.4 per cent for the comparison group of LDC's, it was dominanted by such elementary components as metal furniture and fixtures, structural metal products and fabricated metal (with such basic engineering industry components as agricultural and special industrial machinery, household electrical apparatus and transport equipment accounting for only 2.3 per cent). A third indicator of relative structural imbalance was revealed by the anomalous composition of the chemical industry group (ISIC 35): while such components of the group as basic industrial chemicals, fertilizers and pesticides accounted for only 0.2 per cent of value added, the consumer-oriented components as toiletries, household detergents and the like accounted for a whole 8.2 per cent. Further, while the comparatively high proportion of 9.4 per cent for petroleum refining is understandable (Nigeria being a major petroleum producer) the performance in this component does not compensate sufficiently

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[14] Central Planning Office, The Third National Development Plan 1975-80, Vol. 1, (Lagos: 1975), pp. 147-149.

either for the anomally in the chemicals group as a unit or the manufacturing sector as a whole.

The analysis of the financing activities of the country's most important industrial development finance institution could, therefore, hardly afford to neglect an examination of what relationships those financial activities bear to an admittedly deficient industrial structure! Incidentally, although NIDB (as a development bank) is expected to strike a balance (compatible with its functional environment) between developmental-impact and revenue-generating considerations in its choice of projects for financing (section II.1.5) and although the bank's records reveal sensitive identification with various other aspects of national industrial development policies including the issue of regional balance (section II.2.1 above), those same records show no explicit concerns for the country's industrial output structure to a degree even remotely commensurate with those shown by the country's economic planners. The analysis in this regard would at least reflect whether the bank's statement of priorities merely omits explicit concern for the structural issue without actually neglecting it or that the bank's silence over it actually amounts to ranking it into insignificance.

The analysis of NIDB financing vis-a-vis the structure of Nigerian manufacturing initially scrutinizes the relationships for each of the data years adopted and later makes a comparative synthesis.

III.2.3: Cumulative NIDB Financing and the Structure of Nigerian Manufacturing, 1974

Table 14 shows the structure of Nigerian manufacturing in 1974

TABLE 14: NIGERIAN MANUFACTURING AND NIDB CUMULATIVE NET FINANCING, 1974: SECTORAL DISTRIBUTION

ISIC (2-Digit Level)	Measurement Type	MANUFACTURING, 1974			NIDB TOTAL NET FINANCING (SANCTIONS) CUMULATED, 1964 - 1974		
		1	2	3	4	5	6
		Establishments	Paid-up Capital	No. of People Employed	Enterprises Financed	Total Financing	Associated Employment
31.	No./Value (₦'000)	241	65,303	30,521	27	10,199.5	3,255
	%	23.3	19.3	17.4	14.5	16.4	7.5
32.	No./Value (₦'000)	161	97,606	55,179	44	16,670.0	20,258
	%	15.5	28.8	31.5	23.7	26.7	46.8
33.	No./Value (₦'000)	196	9,718	15,069	15	4,362.4	3,941
	%	18.9	2.9	8.6	8.1	7.0	9.1
34.	No./Value (₦'000)	94	21,745	12,372	5	472,0	469
	%	9.1	6.4	7.1	2.3	0.8	1.1
35.	No./Value (₦'000)	108	48,569	26,918	30	7,386.2	3,738
	%	10.4	14.3	15.4	16.1	11.8	8.6
36.	No./Value (₦'000)	66	60,375	9,046	10	10,303.5	2,798
	%	6.4	17.8	5.2	5.4	16.5	6.4
37.	No./Value (₦'000)	19	1,500	2,463	1	293.0	365
	%	1.8	0.4	1.4	0.5	0.5	0.8
38.	No./Value (₦'000)	133	33,649	22,048	34	6,513.0	5,149
	%	12.8	9.9	12.6	18.3	10.4	11.9
39.	No./Value (₦'000)	18	613	1,671	20	6,161.4	3,427
	%	1.7	0.2	1.0	10.8	9.9	7.9
Total	No. Value/(₦'000)	1,036	339,078	175,287	186	62,361.0	43,400
	%	100.0	100.0	100.0	100.0	100.0	100.0

Notes: (1) NIDB's investments in mining, finance, and hotel and tourism(strictly non-manufacturing activities) have had to be grouped with the miscellaneous industry-type group (ISIC 39) in this table. The relatively small values for the three activity areas are distinguished in Appendix IV.

(2) The 9 aggregate industry-type groups used here, ISIC 31 to 39, are not designated for reasons of space only. Their designations are shown in Table 11 whose components for 1974 and 1980 are duplicated respectively in this table and Table 16 below (for convenience).

Source: Same as for Tables 6A and 7 above.

as well as the structural distribution of NIDB's total net financing cumulated to 1974. The table reveals, for instance, that the two largest-sharing sectors of paid-up capital and employment in national manufacturing in 1974 were those connected with textiles and food processing (ISIC 32 and 31), respectively accounting for 28.8 and 19.3 per cent on the one hand and 31.5 and 17.4 per cent on the other. The lowest-sharing sector was the category of "other manufacturing" industries" (ISIC 39) with 0.2 and 1.0 per cent respectively by paid-up capital and employment. A most striking correspondence is observable in the structural distribution of NIDB financing: the textile sector also shared the highest proportion (26.7 per cent) of the cumulated value of NIDB's net financing and the associated employment (48.8 per cent) up to 1974. While the lowest proportion of NIDB financing for 1974 (0.5 per cent) was for the basic metal industries (ISIC 37), the second highest-receiving sectors (ISIC 31 and 36, respectively with 16.4 and 16.5 per cent) practically also included the food processing sector (ISIC 31) which also ranked second in total manufacturing.

The suggestion produced by the values in Table 14 of a linear relationship between the structure of manufacturing generally and the sectoral distribution of NIDB's cumulative net financing by 1974 is more clearly stated by the correlation values in Table 15. Attention should be directed particularly to the relationships between the two basic measures of manufacturing (paid-up capital, X_2, and employment, X_3) on the one hand and NIDB net financing (X_5) on the other.

TABLE 15: Correlation Matrix Relating Nigerian Manufacturing in 1974 to NIDB Total Financing (Sanctions) Cumulated to 1974

		X_1 MFGESTAB	X_2 PAIDUPCA	X_3 MFGEMPLT	X_4 PROJESTA	X_5 NIDBTOT	X_6 ASSEMPLT
X_1	MFGESTAB	1.000	0.503	0.656*	0.505	0.424	0.331
X_2	PAIDUPCA		1.000	0.857**	0.670*	0.887**	0.713*
X_3	MFGEMPLT			1.000	0.838**	0.779**	0.850**
X_4	PROJESTA				1.000	0.782**	0.771**
X_5	NIDBTOT					1.00	0.808**
X_6	ASSEMPLT						1.000

Note: The shortened variable names for X_1 through X_6 correspond with the column headings (1 through 6) in Table 14.

* Significant at .05 level.

** Significant at .01 level.

Source: computed from the absolute values in Table 14.

It would be noticed that the correlation coefficient of 0.887 between paid-up capital (X_2) and NIDB total financing (X_5) is significant at the .01 level; so also is the correlation value of 0.779 between manufacturing employment (X_3) and the bank's total financing (X_5). Two other noteworthy relationships are those indexed by the correlations of 0.773 between paid-up capital (X_2) and employment associated with NIDB-financed enterprises (X_6) and of 0.850 between total manufactural employment (X_3) and employment associated with NIDB-financed enterprises (X_6), the one significant at the .05 level and the other at the .01 level of confidence.

The inference from the correlation analysis is self-warranting: the structural pattern of NIDB's cumulative financing by 1974 and the associated employment (X_5 and X_6) had come to parallel the structural magnitudes within manufacturing as a whole (as measured by paid-up capital, X_2, and employment, X_3) in 1974. The fact that the structural distribution of manufactural plants or establishments (X_1) does not relate significantly to any of the three variables associated with NIDB financing (X_4 through X_6) further suggests that the cumulative structural effect of NIDB's financing activities has been such that the bank's funds were distributed strongly more in sympathy with capital-investment and employment magnitudes in the various sectors than on the basis of establishment numbers, a tendency more favourable to larger-size enterprises (or sectors with such larger-size enterprises).

This last inference is further reinforced by the extended analysis made possible by regressing, for instance, NIDB's total net financing on paid-up capital investment in manufacturing. The pattern of scatter points for the 9 aggregate sectors (ISIC 31 to 39) plotted in ₦ million (Figure 5), is compatible with the highly significant correlation coefficient of 0.887 reported above. A computed regression line has been inserted through the scattergram. The corresponding regression coefficient of .0057 makes further interpretation possible. It implies that for every unit of cumulative NIDB investment or financing, there was, by 1974, ₦.0057 million (or about ₦5,700) of paid-up capital investment. The "response" level thus suggested is more explicitly examined for the 1975-1980 period below (III.2.4). In the meantime, the analysis turns to an examination of the structural characteristics of manufacturing vis-a-vis cumulative NIDB financing by 1980.

III.2.4: The Structure of Manufacturing in 1980 and Cumulative NIDB Financing

Even a casual inspection of the structure of Nigerian manufacturing in 1980 (Table 16) indicates some departures from the 1974 pattern (Table 14). for instance, the largest proportion of paid-up capital was in the textiles group (ISIC 32) in 1974 but in the paper, printing and publishing group (ISIC 34) in 1980. And while the food-processing group (ISIC 31) ranked second on this criterion in 1974, the chemicals group (ISIC 35) had moved into the second place in 1980 when the food-processing group still ranked third by a wide margin. Similar divergences between the structural patterns for 1974 and 1980 are also noticeable in respect of total manufacturing employment as

FIGURE 5: PAID-UP CAPITAL IN MANUFACTURING IN 1974 AND NIDB CUMULATIVE FINANCING TO 1974: SCATTERGRAM AND REGRESSION ANALYSIS OF SECTORAL DISTRIBUTIONS

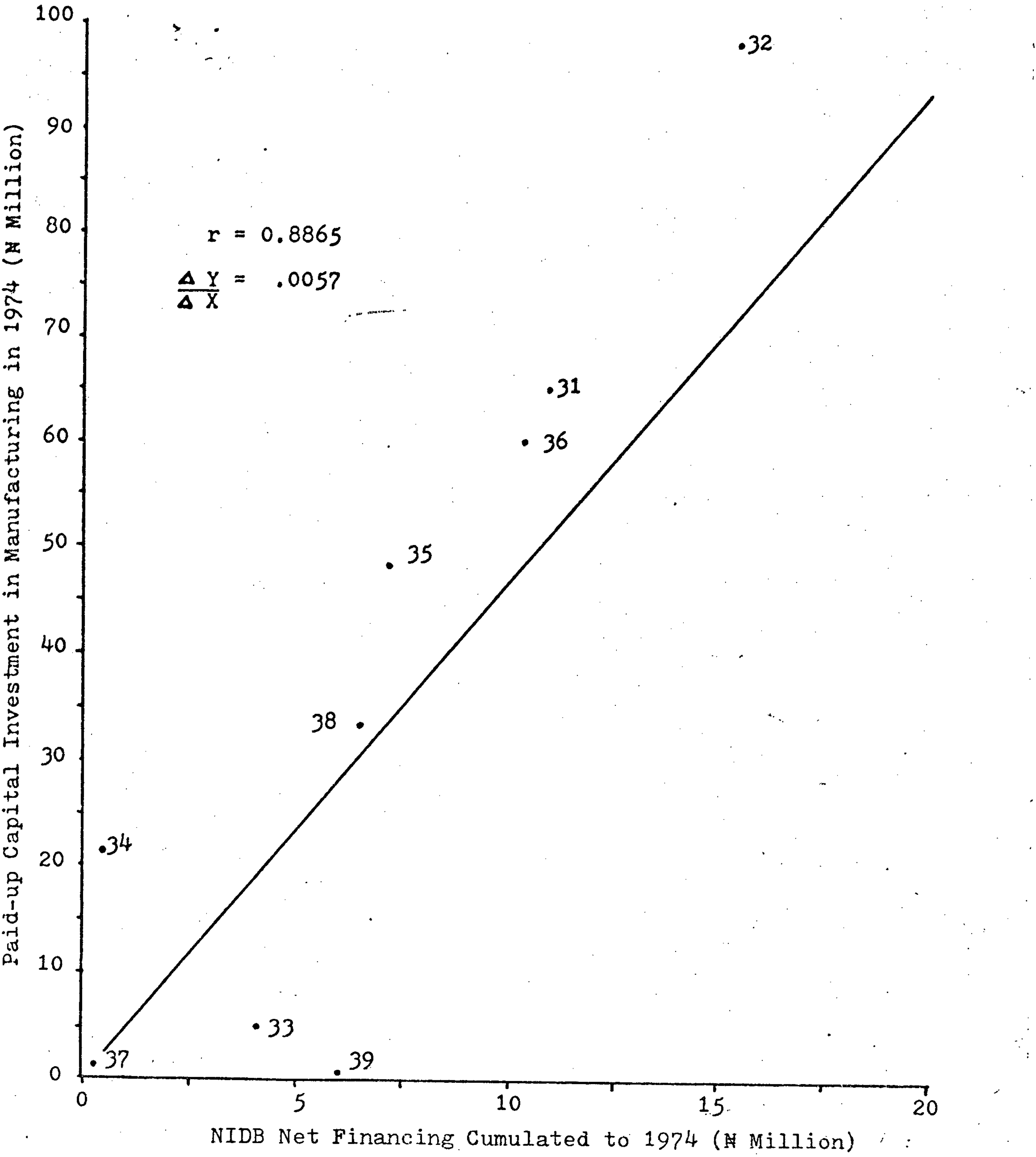


TABLE 16: NIGERIAN MANUFACTURING AND NIDB FINANCING, 1980: SECTORAL DISTRIBUTION

ISIC (2-Digit Level)	Measurement Type	MANUFACTURING, 1980			NIDB TOTAL NET FINANCING (SANCTIONS) CUMULATED, 1964 - 1980		
		1	2	3	4	5	6
		Establishments	Paid-up Capital	No. of People Employed	Enterprises Financed	Total Financing	Associated Employment
31.	No./Value(₦'000)	761	227,869	56,907	65	101,216.4	19,881
	%	26.0	11.2	19.5	17.1	26.6	22.6
32.	No./Value(₦'000)	562	160,901	62,150	68	48,432.6	30,619
	%	19.2	7.9	21.3	17.8	12.7	34.8
33.	No./Value(₦'000)	324	150,433	20,731	29	16,445.4	6,128
	%	11.1	0.8	7.1	7.6	4.3	7.0
34.	No./Value(₦'000)	224	833,371	24,404	15	3,901.0	840
	%	7.6	41.0	8.4	3.9	1.0	1.0
35.	No./Value(₦'000)	312	501,049	43,095	45	34,029.6	7,355
	%	10.6	24.7	14.8	11.8	8.9	8.3
36.	No./Value(₦'000)	135	142,823	13,003	33	53,278.5	4,380
	%	4.6	7.0	4.5	8.7	14.0	5.0
37.	No./Value(₦'000)	17	3,957	1,899	14	9,140.4	1,401
	%	0.6	0.2	0.7	3.7	2.4	1.6
38.	No./Value(₦'000)	551	143,495	67,578	42	9,938.7	5,475
	%	18.8	7.1	23.2	11.0	2.6	6.2
39.	No./Value(₦'000)	44	1,495	2,107	70	104,444.9	12,030
	%	1.5	0.1	0.7	18.4	27.4	13.7
Total	No./Value(₦'000)	2,930	2,030,393	291,874	381	380.826.4	88,109
	%	100.0	100.0	100.0	100.0	100.0	100.0

Notes: (1) NIDB's investments in mining, finance, and hotel and tourism (strictly non-manufactural activities) have had to be grouped with financing in the miscellaneous industry-type group (ISIC 39) in this table. The relatively small values for the three activity areas are distinguished in Appendix V.

(2) The 9 aggregate industry-type groups used here, ISIC 31-39, are not designated for reasons of space only. Their designations are shown in Table 11 whose components for 1974 and 1980 are duplicated respectively in this table and Table 14 above (for convenience).

Source: Same as for Tables 6A and 7 above.

well as NIDB total financing and the associated employment except that the textiles group still had the largest percentage (34.8) of employment associated with NIDB-financed enterprises in 1980 (columns 3-6 in Tables 14 and 16).

A focussed examination of the structural changes which occurred in NIDB financing in the 1975-80 period vis-a-vis the structural pattern of manufacturing existing in 1974 is undertaken below (section III.2.5). For now, the structural distribution for 1980 alone as well as its relationship to NIDB financing is further probed via correlation analysis (Table 17). Again, the most important relationships on Table 17 are those between manufacturing paid-up capital (X_2 and employment X_3) on the one hand and cumulative NIDB total financing (X_5) on the other. The hypothetical expectation is that if the distribution of NIDB financing had, to any appreciable extent, taken account of the structural imbalance revealed for Nigerian manufacturing in the early 1970's, the bank's financing decisions would have been such that between 1974 and 1980, its financing cumulated over the entire 1964-1980 period, would reveal a structural pattern more favourable to manufacturing sectors of relatively more depressed rankings in 1974. In other words, there should be, for 1980, a negative structural correlation between manufacturing and NIDB financing so cumulated.

The obtained results (Table 17) are highly consistent with the inverse-relationship expectation. The correlation coefficients of -0.298 between manufacturing paid-up capital (X_1) and NIDB financing (X_3) as well as that of -0.010 between manufactural employment (X_2) and NIDB financing are clearly negative. This is a remarkable revelation! The consequent inference is as suggested above: that although NIDB's records do not give prominence to the issue of structural balance, the bank seems, to a noticeable extent, to have been structuring its financial sanctions (since the early 1970's) to favour the relatively underdeveloped sectors of manufacturing. The result (provisionally for now) is a clear though non-significant inverse relationship between manufacturing and cumulative NIDB financing by 1980.

TABLE 17: Correlation Matrix For Nigerian Manufacturing in 1980 (X_1 and X_2) and NIDB Financing Cumulated from 1964 to 1980 (X_3): A Structural Analysis

		PAIDUPCA	MFGEMPLT	NIDBTOT
		X_1	X_2	X_3
X_1	PAIDUPCA	1.000	0.194	-0.298
X_2	MFGEMPLT		1.000	-0.010
X_3	NIDBTOT			1.000

Source: Computed from the relevant values in Table 16.

The provisional inference from the above correlation analysis which does not exclude the structural pattern of NIDB financing from 1964 to 1974 could be further ascertained by excluding the bank's financing during the 1964-74 period and focussing on the structural distribution of financing from 1975 to 1980 vis-a-vis the structure of all manufacturing by 1974 (Table 18). The resulting "truncated" values for NIDB financing could then be analyzed, again, by correlation procedures and simpler graphic relations.

III.2.5: Structural Relations of Manufacturing and NIDB Financing in the 1975-1980 Period

Table 18 shows total manufacturing in 1974 alongside cumulative NIDB financing for the 1975-1980 period only. The correlation values in Table 19A indicate the relationships. The rationale of the analysis is similar to that in the last section (III.2.4): that in view of the comparatively depressed status of some sectors of manufacturing in 1974, the sectoral allocation of NIDB financing in the in-between period (1975-80) should favour the depressed sectors. Also as indicated above, the sectoral values for manufacturing in 1974 should therefore yield an inverse relationship with the sectoral pattern of NIDB financing in that in-between period.

This expectation is fundamentally fulfilled. For one thing, none of the variables measuring manufacturing, X_1 through X_3, correlates significantly with variables associated with NIDB financing (X_4 through X_7). Even more tellingly, one of the basic measures of manufacturing, paid-up capital investment (X_2), consistently shows negative correlations not only with NIDB total financing (X_6) but also with the number of NIDB-financed enterprises (X_4) as well as NIDB financing in the form of equity (X_5). The other basic measure of manufacturing, total manufacturing employment (X_2), while not

TABLE 18: The Structure of Nigerian Manufacturing in 1974 and Cumulative NIDB Financing in the 1975-80 Period

ISIC (2-Digit Level)	Manufacturing, 1974			Cumulative NIDB Financing, 1975-1980			
	1	2	3	4	5	6	7
	Number of Establishments	Paid-Up Capital (₦'000)	Number Employed	Number of Enterprises Financed	Equity Financing (₦'000)	Total Financing (₦'000)	Associated Employment
31.	241	65,303	30,521	38	9,912.4	91,016.9	16,626
32.	161	97,606	55,179	24	2,355.0	31,762.6	10,361
33.	196	9,718	15,069	14	685.0	12,083.0	2,187
34.	94	21,745	12,372	10	110.0	3,429.0	371
35.	108	48,569	26,918	15	1,163.4	26,643.4	1,617
36.	66	60,375	9,046	23	5,391.3	42,975.0	1,582
37.	17	6,500	2,463	13	120.0	8,847.4	1,036
38.	133	33,649	22,048	8	200.0	3,425.0	326
39.	18	613	1,671	50	8,563.3	98,283.0	8,603
	1,036	339,078	175,287	195	28,500.4	318,465.3	42,709

yielding negative correlations with NIDB-associated variables does not, nevertheless, exhibit significant relationships even at the .05 level.

The separate inclusion of NIDB's equity financing (one of the two components of NIDB total financing, the other being loan financing) is that equity financing (X_5) represents a greater commitment on the part of the bank to enterprises it has chosen to finance. This is so because equity participation implies at least part-ownership and entitlement and expectation to share in the profits/losses of enterprises financed via equity. On the other hand, only interest payments constitute gains from loan financing. As indicated above, NIDB cumulative equity financing in the 1975-1980 period (X_5) correlates negatively with the structural distribution of paid-up capital (X_2) and very low with manufacturing employment (X_3) in 1974.

One already-observed feature of the analysis in Table 19A is that none of the coefficients mirroring the relationships between variables related to manufacturing <u>and</u> NIDB (respectively) is significant. This is true for both the negative and positive correlation coefficients. This suggests that although NIDB has apparently changed the structural pattern of its financing in a way identifiably different from the 1964-1974 pattern (Table 15), and noticeably in favour of sectors which emerged as relatively depressed in 1974, the change has not been drastic enough to generate correlation coefficients which are significant. These same observations are also true for the analysis relating the structural distribution of manufacturing in 1980 to that of NIDB financing in the 1975-1980 period (Table 19B); the only difference is that the negative relationships are more pronounced.

TABLE 19A: Correlation Matrix for the Structural Relations Between Nigerian Manufacturing in 1974 (X_1 through X_3) and NIDB Financing (X_4 through X_7) Cumulated from 1975 to 1980

		X_1 ESTABS	X_2 PAIDUPCA	X_3 MFGEMPLT	X_4 PROJECTA	X_5 PROJEQUT	X_6 NIDBTOT	X_7 ASSEMPLT
X_1	ESTABS	1.000	0.657*	0.503	-0.046	0.127	0.054	0.489
X_2	PAIDUPCA		1.000	0.857**	-0.040	-0.023	-0.017	0.475
X_3	MFGEMPLT			1.000	0.072	0.204	0.138	0.465

TABLE 19B: Correlation Matrix for the Structural Relations Between Nigerian Manufacturing in 1980 (X_1 through X_3) and NIDB Financing (X_4 through X_7) Cumulated from 1975 to 1980

		X_1	X_2	X_3	X_4	X_5	X_6	X_7
X_1	ESTABS	1.000	0.088	0.919**	0.011	0.181	0.117	0.567*
X_2	PAIDUPCA		1.000	0.194	-0.351	-0.271	-0.286	-0.215
X_3	MFGEMPLT			1.000	-0.180	-0.057	-0.091	0.331

* Significant at .05 level. ** Significant at .01 level.

Notes: The shortened variable names (X_1 through X_7) correspond to the column headings (1 through 7 in Table 18.

The variable names are the same for Tables 19A and 19B.

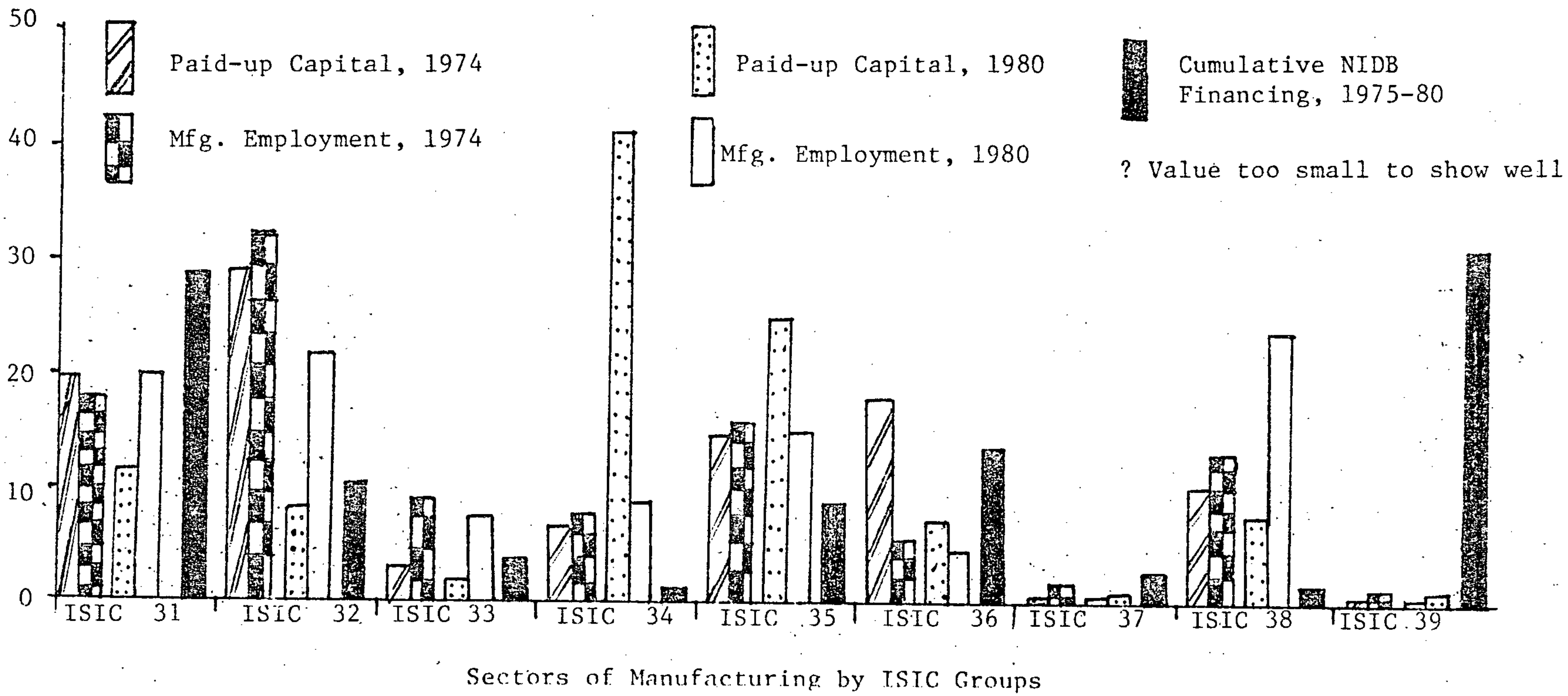
In view of the importance of the leading sectors in the country's industrializing economy, and the subtle intra-sectoral anomalies referred to earlier (beginning of section III.2.2), the bank could hardly go that far, presumably.

Thus, while Figure 6 shows such industry-type groups as basic metal (ISIC 37) and "others" (ISIC 39) to have been distinctly favoured, and textiles (ISIC 32), paper and publishing (ISIC 34) as well as chemicals (ISIC 35) to have been relatively disfavoured, such other significant groups as food processing (ISIC 31) and non-metallic mineral products (ISIC 36) still received not inconsiderable proportions of NIDB financing in the 1975-1980 period.

The conclusion inferable from the analyses would appear compelling. Although the issue of structural balance does not feature as prominently as other industrial-development planning concerns in NIDB's records, the clear suggestion is that the bank's financing patterns do seem to have taken into account (since the early 1970's) the development-policy objective of evolving a balanced industrial sturcutre. It does this noticeably in the 1975-1980 period by structuring its financing to favour most of the sectors which had been relatively depressed.

The analysis of the bank's financing vis-a-vis the regional (state) pattern of manufacturing, perhaps a politically more interesting dimension (at least within Nigeria), is the other major substantive aspect of this study. It forms the subject of Chapter 4.

FIGURE 6: SECTORAL DISTRIBUTION OF NIGERIAN MANUFACTURING, 1974 AND 1980 AND 1980 NIDB CUMULATIVE NIDB FINANCING, 1975 - 1980 (%)



CHAPTER FOUR

NIGERIAN MANUFACTURING AND NIDB FINANCING: PATTERNS AND RELATIONSHIPS AT THE REGIONAL (STATE) LEVEL

IV.1 Preliminary Remarks

This chapter is devoted to the analysis of Nigerian manufacturing vis-a-vis NIDB financing in the regional (state) context. It fulfils the second primary objective of this study: eliciting the extent to which NIDB's financing activities have contributed to or (hopefully) mitigated the essentially polarized pattern of industrial development in Nigeria (Section I.6.1 above). Accordingly, it addresses the policy issue of equity or balance in the location of public investment (respresented here by NIDB financing) as well as related theoretical/conceptual issues. The data years for which analyses are performed to elicit relevant relationships are primarily as in the previous chapter, 1974 and 1980.

IV.1.1 Operationalizing the Policy and Conceptual Frameworks

It is useful to recall that since the immediate post Civil-War years of the early 1970s, Nigerian development-planning policy has consistently advocated the need and desire to reduce existing disparities in development among the different geographical areas of the country. Fundamentally, the principle is expected to guide investments in all sectors of the economy and at all levels of spatial organization: that is, it is expected to apply not only to federal investments in all the 19 states but also to state investments within their corresponding local government areas (see Section I.4.3 above). Of course, it is in the context of the federal level-type of investment vis-a-vis the states that the balanced-development principle has received the strongest policy attention in Nigeria. And since NIDB is a federal government-owned finance institution which has also strongly identified itself with the balanced-development principle in its industrial-development financing function (see Section II.2.1 above), it is that context (federal-to-state investments) which is relevant to this study.

Further, it could also be noted that the conceptual idea of influencing an economic system to induce convergence (reduce disparity), generally or in a particular sector of the economy, is one which must realistically adopt an indefinite (or at least flexible) time horizon. Thus, any specific empirical study tied to particular points in time (as must be the case in the convergence/divergence context), could only hope to unravel the direction and/or intensity of events within the period covered.

A particular analytical problem of the equity or balanced-development issue in the Nigerian context is that relevant public documents do not provide specific operational guides. The only general guide that could be discerned is contained in the statement that "The objective (of the balanced-development policy) is to move rapidly to the achievent of a minimum economic and social standard for every part of the country".[1] Operationally in this context, this means that within NIDB's constraining considerations for efficiency, efforts should be made (in industrial investment-location matters) to channel investments to areas deemed to have been relatively "disfavoured".

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[1]Federal Republic of Nigeria, The Second National Development Plan, 1970-74, (Lagos: 1970), p.32.

Analytically, a reliable procedure that could show the relative gains or losses for the regional (state) units concerned would facilitate inferences as to how effective the policy has been between at least two points in time. If an erstwhile "disfavoured" region or group of regions make relative gains (no matter how small) within such a period of time, or if it takes a larger number of states to account for a certain proportion of the relevant magnitudes (manufacturing and NIDB financing) at the more recent point in time (1980) than at an earlier point in time (1974), the minimum requirements of the balanced-development principle would have been satisfied, and convergence would have been occurring. On the other hand, an indication of relative loss for previously disadvantaged regional units, or a reduction in the number of regional units accounting for a certain proportion of the relevant magnitudes at a more recent point in time (1980) than at an earlier point in time (1974) would not only indicate a divergence between stated public policy objectives and actual public investment-location behaviour but also reveal a continuation (and conceivably, accentuation) of the spatially polarized industrial-development situation.

Obviously then, the principle involved is not necessarily an equal- or proportional-sharing one. For one thing, the balanced-development principle came into prominence at a particular period (early 1970s), against the background of existing and observable developmental imbalances. It is not the objective of the balanced-development policy (from then) to pursue its anti-disparity goals "at the cost of stagnation in areas which are presumed to be relatively more developed..."[2]. And in any event, the existing pattern of investments and manufactural activities in the early

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[2] Federal Republic of Nigeria, Ibid., p. 32.

1970s are not entirely or even significantly wholly attributable to past public (federal) development policies. Differential regional orientations to private risk-taking and entrepreneurship have played crucial roles in the evolution of the polarized system. In fact, an analysis of paid-up capital in Nigerian manufacturing for the 1963-1972 period has shown that the federal government accounted for only 3 to 5 per cent while private Nigerian entrepreneurship accounted for between 9 and 12 per cent, with foreign investors, state governments and others accounting for the rest in varying proportions.[3] Thus, even as implicit in the relevant policy statements, evaluation of the balanced-development policy could hardly ignore the underlying differences in regional production efforts, structures and capabilities. Besides, disentangling the central (federal) component from total industrial investment (on a regional basis) is neither easy nor the special focus of this study. The central public investment of interest here is that represented by NIDB financing, although that may not be uninfluenced by the circular and cumulative-causation process which accompanies spatial development generally.

The above comment also calls attention to the "constraining" efficiency criteria which guides NIDB financing. The bank, despite its avowed commitment to the balanced-development policy, goes to incredible extents to be satisfied that its prospective client enterprises are economically desirable, technically feasible and commercially viable (see Section II.2.2 above). Certainly then, regions which have been relatively

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[3] J.O. Akintola-Arikawe, "Nigerian Indigenisation Policy and the Manufacturing Sector (with a Game Frame-work for Evaluation)" The Nigerian Journal of Economic and Social Studies, Vol. 24, No. 1, 1982, Table 1.

"disfavoured" in industrial development could be "favoured" only in two feasible ways. First, at the margin of project selection where applicant enterprises from both "favoured" and "disfavoured" areas are being considered for financing and there is no significant consideration to take into account other than regional (state) location of the enterprise, NIDB could select the enterprise from states needing upward "levelling". Secondly, NIDB could engage in more promotional activities in such states in order to increase the number of prospective enterprises that could successfully attract its funds. It is against the background of the above considerations that the succeeding analyses could be meaningfully viewed.

IV.1.2 Data Years and Measurement Criteria

As indicated before (Section III.1), the analysis of Nigerian manufacturing and NIDB financing within the balanced-development perspective employs 1974 (for early 1970s) and 1980 (most recent for reliably available data) as reference points in time. And while the same measures of NIDB financing as used in Chapter III are employed, the criteria of plant or establishment numbers and employment are used to measure manufacturing. The actual analysis now follows. It proceeds from an initial examination of the regional patterns of manufacturing in 1974 and 1980, the distribution of NIDB financing patterns and later employs various analytical devices to elicit the direction (divergence/convergence) and extent of change in the patterns.

IV.2 The Regional Pattern of Manufacturing and NIDB Financing

IV.2.1 Initial Examination of Regional Manufactural Patterns

A useful initial step is to examine the regional pattern of manufacturing in the two relevant data years, 1974 and 1980. Table 20 shows the basic patterns of values using the establishment and employment criteria. (1963 population totals are also entered alongside the values). Table 21 shows the same set of data expressed as percentages.

The latter table reveals the wide variations in the regional (state) distribution of Nigerian manufacturing, whether industrial-activity incidence is measured by establishments or employment. The range in 1974 was from less than 1 per cent share for Bauchi, Benue, Borno, Gongola and Niger states to over 30 per cent for Lagos state. The general pattern had not changed noticeably by 1980 except that Lagos' share of industrial establishments had dropped to about 28 per cent.

A common general method of indicating the relative significance of manufacturing among spatial units is to express manufacturing employment as numbers per 1000 people in the corresponding unit. The last two columns of Table 21 shows the industrial employment per 1000 for Nigeria's regional units for both 1974 and 1980. The values (less than 1 for 8 and 6 states respectively in 1974 and 1980) reflect the relative insignificance of manufacturing as a source of employment in Nigeria. Even the values of 3 and 5 persons per thousand in the whole country (columns 6 and 7 of Table 21) is far from impressive (and that is in spite of the old and outdated population data base used to elicit this rough indication). Only three states had, in both 1974 and 1980, over 5 people in every thousand employed in manufacturing, with Lagos state having 61 and 100 in the respective years.[4]

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[4] The relatively high values for Lagos state could be attributed to the practice (among many Nigerians from outside Lagos state) of leaving cosmopolitan Lagos to be counted in their home states during census counts. The result is that the population-number base used for Lagos state greatly understates the number of people who normally live and work in metropolitan Lagos.

TABLE 20: The Regional Pattern of Nigerian Manufacturing: Absolute Values for 1974 and 1980.

State	1974 Establishment	1974 Employment	1980 Establishment	1980 Employment	1963 Population (millions)
1. Anambra	98	4,851	225	9,649	2.9
2. Bauchi	4	348	5	771	2.2
3. Bendel	59	14,843	253	19,221	2.4
4. Benue	8	112	50	1,299	3.0
5. Borno	8	678	12	697	3.0
6. Crossriver	48	8,844	189	14,439	3.6
7. Gongola	14	231	21	1,238	3.0
8. Imo	54	2,329	391	15,285	3.3
9. Kaduna	48	20,725	64	15,684	4.1
10. Kano	83	12,854	209	28,560	5.8
11. Kwara	23	2,534	39	6,327	2.3
12. Lagos	323	85,757	812	140,300	1.4
13. Niger	8	183	6	102	1.3
14. Ogun	42	3,609	48	3,288	1.6
15. Ondo	36	2,262	47	3,220	2.7
16. Oyo	98	6,980	77	5,273	5.2
17. Plateau	45	3,618	64	6,047	2.0
18. Rivers	15	2,185	403	18,876	1.8
19. Sokoto	22	2,344	15	1,598	4.5
Total	1,036	175,287	2,930	291,874	56.1

Sources: Federal Office of Statistics, Industrial Survey of Nigeria, 1973 & 1974, (Lagos: 1976); enquiries at the industrial survey unit of the Federal Office of Statistics, early 1981; Nigerian Investment Information and Promotion Centre, Federal Ministry of Industries, Industrial Directory, 8th Edition, (Lagos: March 1980).

Notes: 1. Data summarized here pertain to manufacturing establishments employing ten or more people. The data sources used (compiled mainly on the basis of individual establishments) exhibit varying degrees of information incompleteness on some variables except in respect of the establishment and employment measures employed here.

2. The population values derive from the 1963 census (the last full-scale census in Nigeria so far), the immediate source being Federal Republic of Nigeria, "Federal Military Government Views on the Report of the Panel on Creation of States, (Lagos: Federal Ministry of Information, Printing Division, 1976), pp. 31-32.

TABLE 21: Percentage Distribution of Nigerian Manufacturing (by States), 1974 and 1980.

State	1974		1980		1963 Population			
	1	2	3	4	5	6	7	8
	Establish-ments	Employ-ment	Establish-ments	Employ-ment	Population (%)	Mfg. Emp. per 1000 (1974)	Mfg. Emp. per 1000 (1980)	Concentra-tion Index (74)
1. Anambra	9.5	2.8	7.7	3.3	5.2	1.7	3.3	0.5
2. Bauchi	0.4	0.2	0.2	0.3	3.9	0.2	0.4	0.1
3. Bendel	5.7	8.5	8.6	6.6	4.3	6.2	8.0	2.0
4. Benue	0.8	0.1	1.7	0.4	5.3	0.04	0.4	0.02
5. Borno	0.8	0.4	0.4	0.2	5.3	0.2	0.2	0.1
6. Crossriver	4.6	5.0	6.5	4.9	6.4	2.5	4.0	0.8
7. Gongola	1.4	0.1	0.7	0.4	5.3	0.1	0.4	0.02
8. Imo	5.2	1.3	13.3	5.2	5.9	0.7	4.6	0.2
9. Kaduna	4.6	11.8	2.2	5.4	7.3	5.1	3.8	1.6
10. Kano	8.0	7.3	7.1	9.8	10.3	2.2	4.9	0.7
11. Kwara	2.2	1.4	1.3	2.2	4.1	1.1	2.7	0.3
12. Lagos	31.2	48.9	27.7	48.1	2.5	61.3	100.2	19.7
13. Niger	0.8	0.1	0.2	0.03	2.3	0.1	0.1	0.04
14. Ogun	4.1	2.1	1.6	1.1	2.9	2.3	2.1	0.7
15. Ondo	3.5	1.3	1.6	1.1	4.8	0.8	1.2	0.4
16. Oyo	9.5	4.0	2.6	1.8	9.3	1.3	1.0	0.4
17. Plateau	4.3	2.1	2.2	2.1	3.6	1.8	3.0	0.6
18. Rivers	1.4	1.2	13.8	6.5	3.2	1.2	10.5	0.4
19. Sokoto	2.1	1.3	0.5	0.5	8.0	0.5	0.4	0.2
Total	100.0	100.0	100.0	100.0	100.0	3.1	5.2	1.0

Source: Computed from Table 20.

A final initial view of the regional pattern of manufacturing relates each state's share of manufacturing employment in 1974 to the respective state's share of national population in 1963 by means of a concentration index (column 8 of Table 21). A state with identical percentage shares in both respects would yield an index of 1. States sharing more or less of manufacturing employment than population would, respectively, yield indices greater or less than 1. It would be noticed from Table 21 (column 8) that 16 of the 19 state units had (to varying extents in 1974), less employment share in manufacturing than their shares of national population (as old as the population data base inevitably is), the indices being under 1. Only three states (Bendel, Kaduna and especially Lagos) had more than 1. However, these indices are only of suggestive significance in this context. As remarked above (Section IV.1), since the issue of overall disparities in development should take account of performance in all economic-activity sectors or be related to an overall measure such as aggregate income per head (either of which is beyond the scope of this study), the appropriate basis for addressing the regional-imbalance issue in the single sector of interest here (manufacturing) cannot be overall population but indices/measures related to the manufacturing sector alone. This is the direction taken in Section IV.3 below.

In the meantime, a similar initial examination of the related NIDB-financing data during the study period is required.

IV.2.2 Initial Examination of the Regional Pattern of NIDB Financing

Table 22 shows the regional distribution of NIDB's total net financing cumulated from the 1964 to 1974 and from 1964 to 1980. As explained before, NIDB's total financing consists of the sum of the bank's

TABLE 22: NIDB's Total Net Financing, 1964-1974 and 1964-1980: Distribution by States.

State	1964-1974				1964 - 1980			
	Client Establishments		Total Financing		Client Establishments		Total Financing	
	No.	%	(₦'000)	%	No.	%	(₦'000)	%
1. Anambra	15	8.1	3176.00	5.1	28	7.3	18621.0	4.9
2. Bauchi	0.0	0.0	0.0	0.0	8	2.1	21889.4	5.7
3. Bendel	12	6.5	2972.0	4.8	21	5.5	16322.0	4.3
4. Benue	0.0	0.0	0.0	0.0	3	0.8	12480.0	3.3
5. Borno	2	1.1	860.0	1.4	7	1.8	7120.0	1.7
6. Crossriver	4	2.2	6499.6	10.4	13	3.4	24911.6	6.5
7. Gongola	0.0	0.0	0.0	0.0	2	0.5	8318.5	2.2
8. Imo	13	7.0	3612.0	5.8	29	7.6	18162.0	4.8
9. Kaduna	9	4.8	4050.0	6.5	20	5.2	18572.8	4.9
10. Kano	3	1.6	418.0	0.7	8	2.1	10568.0	2.8
11. Kwara	11	5.9	4529.5	7.3	23	6.0	12116.5	3.2
12. Lagos	93	50.0	23265.7	37.3	138	36.2	91320.9	24.0
13. Niger	0.0	0.0	0.0	0.0	5	1.3	13385.0	3.5
14. Ogun	9	4.8	6317.7	10.1	32	8.4	49183.9	12.9
15. Ondo	3	1.6	2367.0	3.8	5	1.3	6540.2	1.7
16. Oyo	2	1.1	1920.0	3.1	18	4.7	33282.0	8.7
17. Plateau	3	1.6	347.0	0.5	4	1.0	427.0	0.1
18. Rivers	4	2.2	707.0	1.1	8	2.1	6090.0	1.6
19. Sokoto	3	1.6	1320.0	2.1	9	2.4	11516.0	3.0
Total	186	100.0	62361.5	100.0	381	100.0	380826.8	100.0

Notes: (1) On this table, the number of client establishments is the same as the number of inancial sanctions.

(2) In mid-1982, ₦1 (one Naira), the Nigerian monetary unit, is equivalent to $1.52 (U.S.) or $1.94 (Canadian).

Source: Same as for Table 7.

loan and equity participation in (or sanctions to) its client establishments or enterprises (see Appendices VIA and VIB). And the word "net" denotes the fact that the values shown exclude cancelled or withdrawn sanctions (see Section III.1.2 above).

It could be noticed that, as with manufacturing, there is enormous variation in the sum total of NIDB net financing from 1964 to 1974 and cumulatively from 1964 to 1980. One striking point about the values for the 1964-1974 period is that four of the states did not receive NIDB financing in that period. The reason is simple: all four are states created after 1974 and apparently, none of the client enterprises in some of the larger twelve states from which they were created in 1976 was located in the areas that came to form these four state units in 1976. Even then, the wide range of proportional shares of NIDB financing, from 1.1 per cent (client establishments) and 0.7 per cent (money value) to 50 per cent (establishments) and 37 per cent (money value) in 1974 is certainly considerable. The same wide variations are still apparent when cumulative NIDB financing is viewed for the entire study period, 1964 to 1980 although the range is narrowed somewhat: at least there is no state without some share of the bank's financing, no matter how small.

One gets a hint of what is expectable from Table 22: that although there might have been, by 1980, a development in the direction of convergence in the regional pattern of manufacturing in association with NIDB financing, considerable disparities still persisted such that there might not be a significant difference between the regional industrial pattern in the early 1970s (when the balanced development policy emerged into prominence) and the pattern as it stood in 1980. The succeeding sections of this chapter tries to relate and analyze the patterns in order to elicit more clearly the direction and extent of change (convergence/divergence). This begins by simultaneous probing the relationships between NIDB financing and manufacturing patterns for the two data years adopted.

IV.2.3 Relationships Between the Regional Patterns of Manufacturing and NIDB Financing, 1974 and 1980

The data for exploring the relationships are the raw values in Tables 21 and 22 (with some disaggregated components from Appendices VIA and VIB incorporated). The corresponding correlation coefficients which index the relationships are shown in Table 23 (A and B).

Attention should first be directed to the primary measures of manufacturing establishments (X_1) and employment (X_2) and their correlations with NIDB total net financing (X_6). It would be noticed that by 1974 (Table 23,A), NIDB total financing was high where manufacturing establishments were numerous, and vice versa. The correlation coefficient of 0.892 is thus significant even at the .01 level. Similarly, manufacturing employment correlates very highly with NIDB total financing cumulated to 1974. What is true of the two measures of manufacturing in relation to NIDB total financing in 1974 is equally true of the same set of variables in 1980: the correlation coefficients are significant at the .01 level.

In fact, two dominant features of Table 23 (A and B) deserve explicit mention. First, both for the primary measures of manufacturing (X_1 and X_2) and all the incorporated variables related to NIDB financing (X_3 to X_6), the correlations and intercorrelations are significant at the .01 level. The consequent inference is self-warranting: at both points in time (1974 and 1980), the regional pattern of Nigerian manufacturing reveals

TABLE 23: Relationships Between the Regional (State) Patterns of Manufacturing and NIDB Financing, 1974 and 1980.

		X_1 ESTABS	X_2 EMPLOYMT	X_3 PROJESTA	X_4 NIDBEQUT	X_5 NIDBLOAN	X_6 NIDBTOT	X_7 POP63
A. RELATIONSHIPS AT 1974								
X_1	ESTABS	1.000	0.938**	0.934**	0.808**	0.895**	0.892**	-0.062
X_2	EMPLOYMT		1.000	0.968**	0.854**	0.921**	0.922**	-0.159
X_3	PROJESTA			1.000	0.875**	0.954**	0.954**	-0.310
X_4	NIDBEQUT				1.000	0.907**	0.933**	-0.237
X_5	NIDBLOAN					1.000	0.998**	-0.287
X_6	NIDBTOT						1.000	-0.283
X_7	POP63							1.000
B. RELATIONSHIPS AT 1980								
X_1	ESTABS	1.000	0.881**	0.816**	0.627**	0.645**	0.647**	-0.204
X_2	EMPLOYMT		1.000	0.938**	0.830**	0.798**	0.806**	-0.197
X_3	PROJESTA			1.000	0.907**	0.907**	0.912**	-0.287
X_4	NIDBEQUT				1.000	0.934**	0.946**	-0.321
X_5	NIDBLOAN					1.000	0.999**	-0.220
X_6	NIDBTOT						1.000	-0.231
X_7	POP63							1.000

* Significant at .05 level. ** Significant at .01 level.

Note: The variables in the matrices are identified thus: X_1 for manufacturing establishments; X_2 for employment in manufacturing; X_3 for NIDB-financed establishments called project establishments; X_4 for the equity component of NIDB financing; X_5 for the loan component of NIDB financing; and X_6 for total NIDB financing (the sum of X_4 and X_5).

a very strong association with NIDB financing. Even on the basis of these relationships alone, the conclusion that the regional structure of Nigerian manufacturing has been impacted such that (at least since the early 1970s) it has come to correspond broadly to the regional distribution of the bank's financing would appear to be self-evident.

Secondly, the population variable has been included in the analysis in Table 23 to test what was stated as a logical proposition earlier: that in view of the fact that the production patterns in other sectors of the economy (not covered in this study) would exhibit differential regional advantages/disadvantages, as well as the known fact that overall central (federal) investment in Nigerian manufacturing is of humble proportions, it would be grossly inappropriate to analyze the issue of balanced development in any one sector (which happens to be manufacturing here) on the bases of regional shares of total national population even if up-to-date population data were available. This is because the differential capabilities (advantages) of the various regions would attract public investment differentially such that no analysis of a single sector from the balanced-development perspective (including this study) could be conclusive by itself. As if to dramatize the validity of this point, the population variable (X_7 in Table 23) consistently reveals negative correlations with all the other variables (X_1 through X_6).

It is nevertheless not futile to examine the degree of convergence/divergence in the regional pattern of the country's manufacturing vis-a-vis NIDB financing since balanced development in manufactural activities still remains, to the extent possible, an important objective of public policy. Among other things, even the review of NIDB operating policies has indicated that this most important institution for channeling public resources into the industrial sector has firmly committed itself to the policy of balanced development in the area of manufacturing.

One inference from the analysis in Table 23 is that the absolute magnitudes of Nigerian manufacturing and NIDB financing remain polarized. The importance of the analyses below is therefore to verify not only the broad direction and (perhaps) extent of polarization but also whatever subtle convergence-inducing patterns might be associated with NIDB financing. These related questions could now be addressed directly.

IV.3 Divergence/Convergence in Regional Manufacturing Patterns and NIDB Financing: Direction and Extent?

There are various analytical devices for eliciting changes in regional structures. Here, two of such devices have been adopted: one involves the use of cumulated percentage shares (rather similar to Lorenz curves)[5] and the other features rank-difference analysis procedures. The first would adequately reveal differences in the configurations of the regional patterns involved (i.e. between the aggregate patterns for 1974 and 1980); while the second could be used to elicit the significance of differences between the pattern in 1974 and the pattern of change (or quantitative additions) during the 1974-1980 period (i.e. the difference in the in-between period that created the aggregate pattern for 1980). This would be particularly relevant since the issue of balanced development came into

[5] The usual Lorenz curve is normally constructed with the population variable shown along the vertical axis but the essential inappropriateness of that variable in this context has been indicated above (Section IV.3). See, for example, the use of the Lorenz Curve and Gini coefficients in J.P. Cole, The Development Gap: A Spatial Analysis of World Poverty and Inequality, (Chichester: John Wiley & Sons, 1981), esp. pp. 439-442.

prominence in the early 1970s (represented here by 1974). And since the two measures of manufacturing adopted correlate so highly, it would not make any appreciable difference if, for this purpose, one of the measures is dropped while the other one alone (employment) is used side by side with NIDB financing.

IV.3.1 Analysis of Regional Configurations

Of course, the cumulative-percentage procedure requires conversion of the relevant values into percentages and ranking and cumulating them. The ranks of each of the 19 regional (state) units involved here in respect of the relevant variables (manufacturing employment and NIDB total financing by 1974 and 1980) are summarized in Table 24A, ordered only by the alphabetical arrangement of the state units. The cumulative curves generated from the corresponding percentage values (from Tables 21 and 22 above) are plotted in Figures 7 and 8.

The real utility of the cumulative percentage curves in this context is that it becomes easy to identify how many regional (state) units account for clearly large proportions of manufacturing and NIDB financing at each of the two points in time, 1974 and 1980 (see vertical bars in Figures 7 and 8). For this purpose, the critical value for a "clearly large proportion" has been set equal to 80 per cent. This, however, is more of an indicative/empirical rather than a theoretically-based and binding choice. Any other indicative value considered "clearly high" enough (such as 75 or 90 percent) could have been chosen for the purpose. Although a scrutiny of Table 24A would reveal which states contributed to the 80 per cent proportion in 1974 and 1980, Table 24B makes identification of the contributing states more convenient.

TABLE 24A: Ranks of Regional (State) Units on Relevant Variables.

State	Manufacturing (Empl.)		NIDB Total Financing	
	1974	1980	1974	1980
1. Anambra	7	8	7	6
2. Bauchi	16	17	16	5
3. Bendel	3	3	8	9
4. Benue	17	15	16	11
5. Borno	15	18	12	16
6. Crossriver	5	7	2	4
7. Gongola	17	15	16	15
8. Imo	11	6	6	8
9. Kaduna	2	5	5	6
10. Kano	4	2	14	14
11. Kwara	10	9	4	12
12. Lagos	1	1	1	1
13. Niger	17	19	16	10
14. Ogun	8	12	3	2
15. Ondo	11	12	9	16
16. Oyo	6	11	10	3
17. Plateau	8	10	15	19
18. Rivers	14	4	13	18
19. Sokoto	11	14	11	13

TABLE 24B: Number of Regional (State) Units Accounting for 80 per cent of Manufacturing and NIDB Financing, 1974 and 1980.

Year	Variable	Contributing Regional Units in Rank Order
1974	Manufacturing Employment	Five states: Lagos, Kaduna, Bendel, Kano, and Crossriver
	NIDB Financing	Seven states: Lagos, Crossriver, Ogun, Kwara, Kaduna, Imo, Anambra
1980	Manufacturing Employment	Six states: Lagos, Kano, Bendel, Rivers, Kaduna and Imo
	NIDB Financing	Ten states: Lagos, Ogun, Oyo, Crossriver, Bauchi, Anambra, Kaduna, Imo, Bendel and Niger

FIGURE 7: CUMULATIVE PERCENTAGE CURVES OF REGIONAL (STATE) SHARES OF MANUFACTURING AND NIDB TOTAL FINANCING, 1974

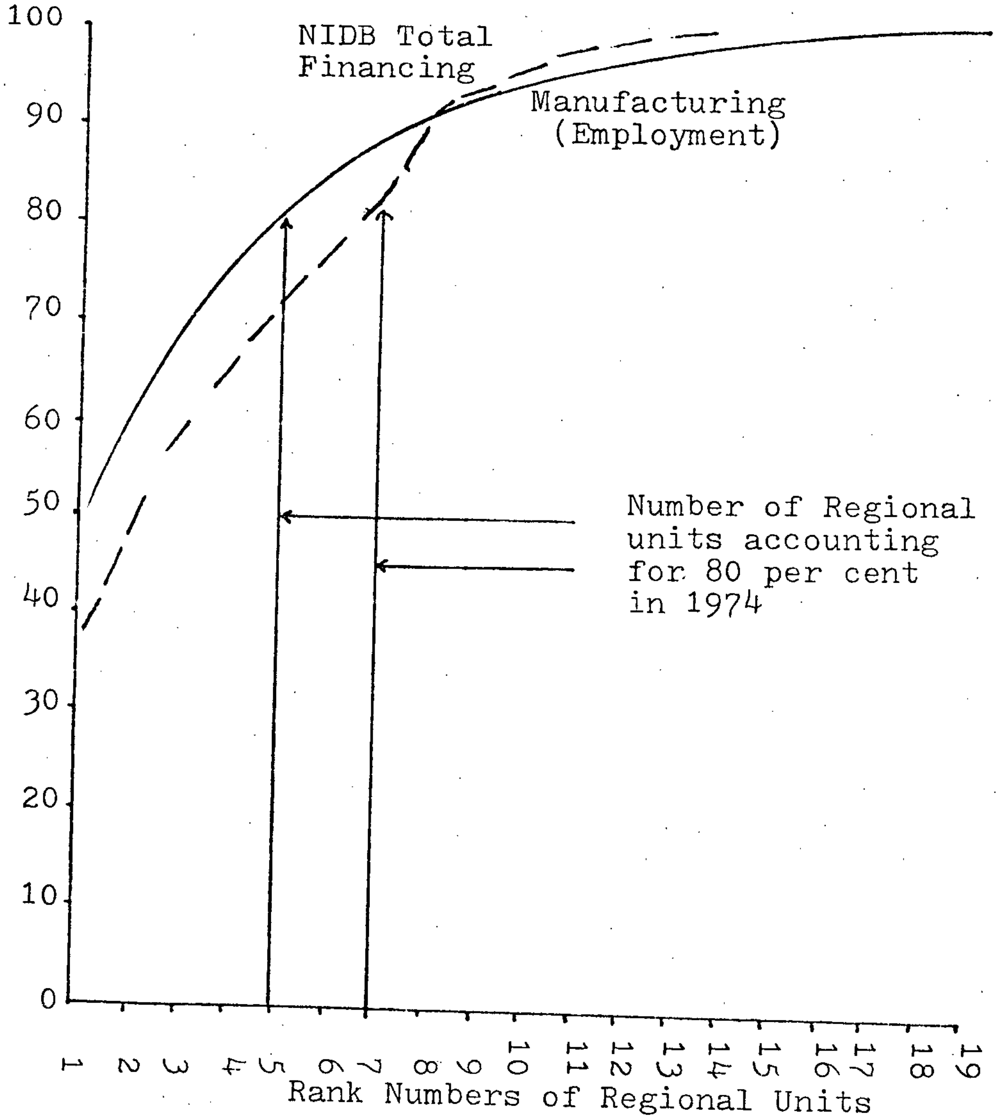
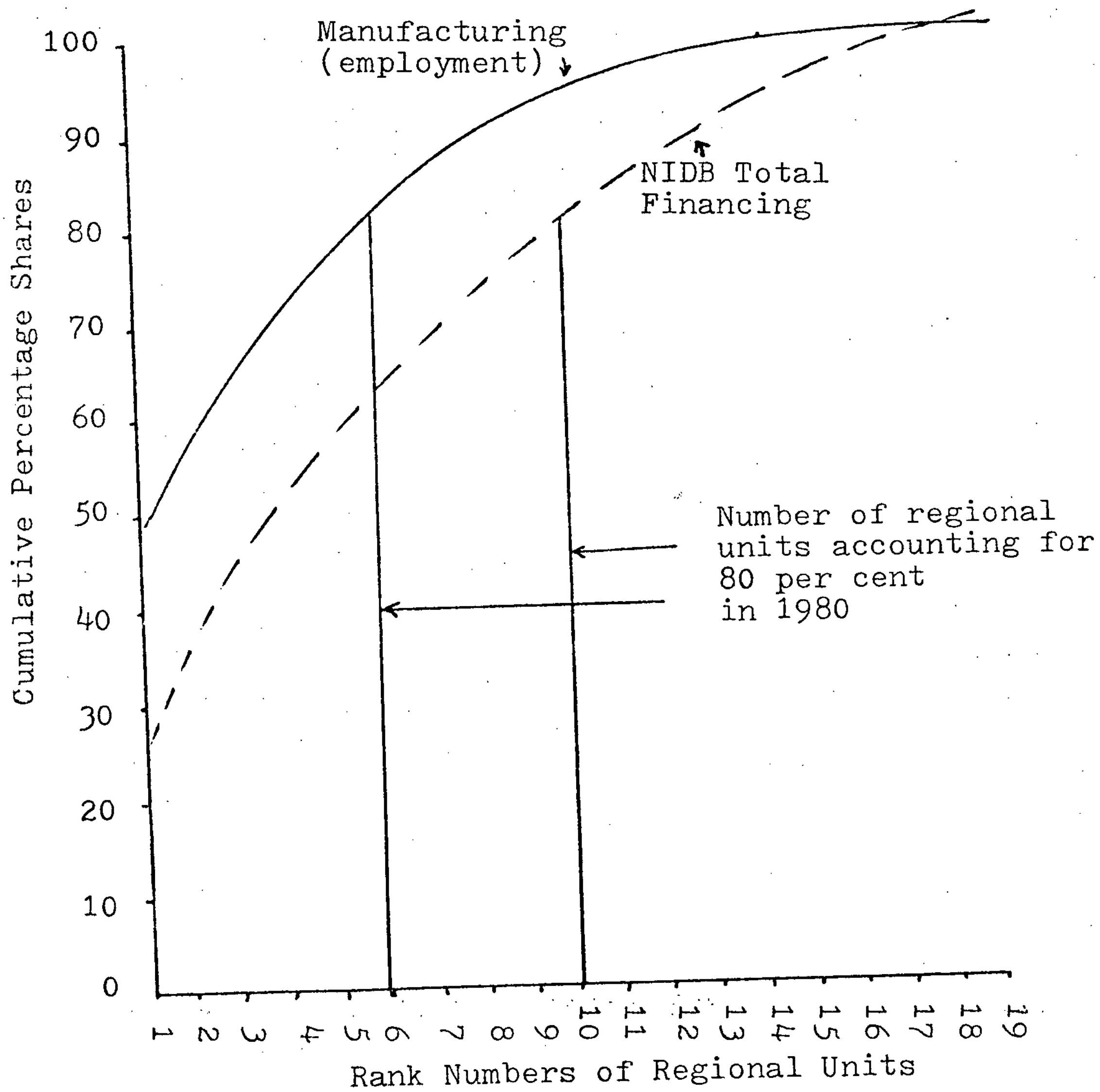


FIGURE 8: CUMULATIVE PERCENTAGE CURVES OF REGIONAL (STATE) SHARES OF MANUFACTURING AND NIDB TOTAL FINANCING, 1980



It would be noticed in Figure 7 (1974) that it required only five states (Lagos, Kaduna, Bendel, Kano, and Crossriver) to produce 80 per cent of Nigerian manufacturing, the remaining 20 per cent being shared by the other 14 states: a clearly polarized regional pattern. In 1980, on the other hand (Figure 8), it takes six states to account for the 80 per cent proportion (Lagos, Kano, Bendel, Rivers, Kaduna and Imo).

Thus, although the pattern of manufacturing still remains polarized in 1980, the observable direction of change is towards convergence. However, this directional change is clearly incipient only: only two states among the 1980 "contributors" are not in the list of contributors for 1974 (Imo and Rivers); on the other hand, one of the contributing states for 1974 (Crossriver) has dropped out of the list of contributors by 1980. And in any event the directional change is indicated by the excess of just one state in 1980 over the 1974 number.

The corresponding pattern of cumulative (total) NIDB financing could be interpreted similarly. For 1974, it takes seven states to account for 80 per cent of NIDB cumulative financing up to that point in time, the states being Lagos, Crossriver, Ogun, Kwara, Kaduna, Imo and Anambra. A directional change similar to that noticed for manufacturing is also observable for NIDB cumulative financing by 1980: it takes ten states (Lagos, Ogun, Oyo, Crossriver, Bauchi, Anambra, Kaduna, Imo, Bendel and Niger) to account for the 80 per cent proportion. Generally again, there is a discernible change in the regional distribution of NIDB financing in the direction of convergence, albeit also incipient.

A number of observations arise from the NIDB-related pattern, however. First, it requires, in both 1974 and 1980, larger numbers of states to account for 80 per cent of NIDB financing than is the case with manufacturing. The suggestion is that the bank's funds are being spread to more and more states sharing smaller proportions of national manufacturing, a pattern which, if consistently fostered, could further propagate the tendency towards convergence.

Secondly, two of the five highest-sharing states in respect of manufacturing employment for 1974 (Bendel and Kano) are not included in the list of the seven highest-sharing states in regards to NIDB financing for the same year. On the other hand, four of NIDB's highest-sharing states for 1974 (Ogun, Kwara, Imo, and Anambra) are not in the list of the five states having the highest proportions of manufacturing for 1974. The spreading of relatively larger proportions of NIDB financing into states with relatively low shares of national manufacturing is even more pronounced in the 1980 pattern to the advantage of Ogun, Oyo, Crossriver, and Anambra as well as (ever low-ranking) Bauchi and Niger States. Again, an implication of a consistent adherence to the practice of granting relatively larger proportions of industrial-finance funds to manufactural enterprises in some states sharing comparatively low proportions of national manufacturing would also be to strengthen the incipient tendency towards convergence.

The third and final observation relating to the cumulative percentage curves is almost the converse of the second. While some of the larger contributors to national manufacturing for both 1974 and 1980 (that is, those states accounting for the 80 per cent proportion, such as Kano and Rivers) do not feature on the list of highest receivers of NIDB financing, some others (Lagos, Kaduna and Crossriver for 1974 as well as Lagos again, Bendel, Kaduna and Imo for 1980) do. This is the issue of circular and cumulative causation which has, in this context, the implication that regional units with relatively numerous enterprises capable of taking advantage of NIDB's institutional funding would tend to generate enough client enterprises which, in total, would appear significant in the national context. In other words, areas with initial advantages would tend to attract relatively more advantages and gain cumulatively over time. The relevance of this process is implicit in the discussion of "internal regional efforts" below (Section IV.4.2).

The change in the regional patterns of manufacturing and NIDB financing (in the direction of convergence) which is observable between 1974 and 1980 has been repeatedly described as incipient because the change appears minimal and so far, it is not clear whether or not it is of any significance. It is therefore desirable to re-examine the pattern. That re-examination, in contrast to the above analysis which tends to emphasize larger contributors and recipients (respectively, to national manufacturing and of NIDB funds), would indicate the relative position of each state unit in the changing pattern as well as elicit whatever significance inheres in the change between 1974 and 1980.

IV.3.2 A Re-examination of the Regional Pattern of Change

As indicated at the beginning of the preceding section, rank-difference correlation analysis could elicit, at different stages, the relative position of each state unit and whatever significance inheres in the changing regional structure. What is relevant in the context of this study has two dimensions to it:

(a) Whether or not the more recent (1980) distribution of manufacturing reflects the balanced-development, equity, or "levelling" principle to a degree consistent with disparities in the pattern of manufacturing existing at the earlier point in time (1974); and

(b) similarly, whether the related pattern of NIDB financing by 1980 reflects the same principle vis-a-vis the 1974 pattern.

Other relevant pairs of regional patterns (for 1974 and 1980) should also be re-examined. The rationale of the analysis could be described fully in the context of the first dimension.

(a) Re-examining the Regional Pattern of Change in Manufacturing

It has been indicated earlier that an equal-sharing principle is not the guide. There are clear interregional differences in the pattern of manufacturing existing in 1974. The logic of the balanced-development principle in the Nigerian context is therefore to gradually raise the level of development (manufacturing here) in the less developed states such that there would eventually be a condition of near-equality or fairly even distribution.[6] Analyzing the 1974-1980 change from this perspective requires the rigid expectation that the highest additions to regional manufacturing (from 1975 to 1980) should occur in, or go to the least developed states and the lowest to the most developed states.[7] One is in effect postulating that there should be an inverse relationship between the level of industrial development existing in 1974 and in-between additions which generate the aggregate pattern for 1980.

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[6] See footnote number 1 of this chapter above.

[7] This is consistent with the "levelling" principle in the balanced-development philosophy.

Again, in view of the highly significant correlation between the two measures of manufacturing initially adopted, it does not matter whether the number of establishments or employment is used; but for consistency with the last section (IV.3.1), the employment criterion would suffice. Table 25 shows the difference between manufactural employment in 1974 and 1980 (as absolute and percentage values and with state ranks).

Table 26 juxtaposes the rankings for 1974 and those shown on Table 26 (1975-80 additions), with the 1974 rankings as the organizing variable. With respect to the level of manufacturing existing in 1974, it would be noticed that Lagos state clearly ranks first while three states (Benue, Gongola and Niger rank last together (seventeenth as things turn out)); other states occupy various positions in-between.

The hypothetical-addition rank column on Table 25 derives from the rigid inverse-relationship expectation postulated above: that if additions to manufacturing had occurred (in 1975-80) in perfect accordance with the balanced-development concept (i.e. so as to "level up" less developed states and "level down" more developed states), states which shared more manufacturing in 1974 should receive the least additions and those that shared less should receive the highest additions as commensurate with the extent of their backwardness in this connection. Thus, Lagos state should have received the least addition (with rank 19) while Benue, Gongola and Niger should have received the largest (with rank 3).

However, as the last three columns of Table 25 reveal, the actual ranks deriving from the 1975-1980 additions differ from the hypothetical ranks. The extent of the differences or "deviations" appears in the last column of the table.

TABLE 25: Regional (State) Pattern of Additions to Manufacturing (Employment) in the 1975-1980 Period.

State	No.	%	Rank
1. Anambra	4,798	3.9	6
2. Bauchi	423	0.3	13
3. Bendel	4,378	3.5	7
4. Benue	1,187	1.0	10
5. Borno	19	0.02	14
6. Crossriver	5,595	4.5	5
7. Gongola	1,007	0.8	11
8. Imo	12,285	9.9	4
9. Kaduna	0*	0.0	15
10. Kano	15,706	12.7	3
11. Kwara	3,793	3.1	8
12. Lagos	54,543	44.1	1
13. Niger	0*	0.0	15
14. Ogun	0*	0.0	15
15. Ondo	958	0.8	12
16. Oyo	0*	0.0	15
17. Plateau	2,429	2.0	9
18. Rivers	16,691	13.5	2
19. Sokoto	0*	0.0	15
Total	123,812	100	-

Source: Computed from the relevant values in Table 20.

Note: *The value of 0 (zero) for some states actually indicates a negative.

TABLE 26: Regional (State) Ranks on Manufacturing (Employment) Existing in 1974, and Additions in the 1975-1980 Period.

Ser. No.	State	Rank in 1974	Rank by 1975-80 Addition		
			Hypothetical	Actual	Deviation
1	Lagos	1	19	1	+18
2	Kaduna	2	18	15	+ 3
3	Bendel	3	17	7	+10
4	Kano	4	16	3	+13
5	Crossriver	5	15	5	+10
6	Oyo	6	14	15	- 1
7	Anambra	7	13	6	+ 7
8	Ogun	8	12	15	- 3
9	Plateau	8	12	9	+ 3
10	Kwara	10	10	8	+ 2
11	Imo	11	9	4	+ 5
12	Ondo	11	9	12	- 3
13	Sokoto	11	9	15	- 6
14	Rivers	14	6	2	+ 4
15	Borno	15	5	14	- 9
16	Bauchi	16	4	13	- 9
17	Benue	17	3	10	- 7
18	Gongola	17	3	11	- 8
19	Niger	17	3	15	-12

Sources: Tables 24A and 25.

* Mean = 7

For clarity, it should be stated that the smaller the numerical value of a state's rank is, the higher is the rank of that state. Therefore, in calculating deviations, if a state's actual allocation rank value is lower than its hypothetical-addition rank value, that state is regarded as having a positive deviation (denoted by the plus sign), indicating that the state did not experience sufficient "downward levelling" in the distribution of additions. Conversely, where a state's actual-addition rank value is higher than the hypothetical, the deviation is negative (minus sign), indicating that the state concerned did not enjoy enough "upward levelling" with respect to its proportional share of 1975-1980 additions.

The real values of the deviations are not as critically important as their direction (that is, whether they are positive or negative) except insofar as the deviation values reflect the extent of departure from hypothetical expectations. What the analyses of 1975-1980 additions to manufacturing thus reveal could be summarized as follows. First, no state completely fulfils the rigidly idealized expectations of the balanced-development or equity principle. Only one state (Ogun with a deviation of -1) comes very close to the zero deviation required for fulfillment. On the whole, therefore, 10 states did not experience sufficient "downward levelling" as their positive deviations indicate. These are Lagos, Kaduna, Bendel, Kano, Crossriver, Anambra, Plateau, Kwara, Imo and Rivers (seven of them being on the list of the largest contributors to national manufacturing shown on Table 24B). On the other hand, the remaining 9 states (Oyo, Ogun, Ondo, Sokoto, Borno, Bauchi, Benue, Gongola and Niger) did not experience enough "upward levelling" as denoted by their negative signs.

However, the rather wide-ranging deviation values could be more neatly interpreted by reference to the mean value of all deviations which turns out to be 7 (disregarding the signs in the averaging process). States with deviation values not greater than the mean (i.e. less than or equal to the mean) could be regarded as having "tolerably" conformed to the expected outcome of the balanced-development notion and those with deviations above the mean value as having had "unacceptably" high deviations. The distribution on this basis is as follows:

Number of states with deviations not exceeding the mean = 11.

Number of states with deviations above the mean = 8.

Thus, the second point revealed is that the eleven states with deviations not exceeding the mean exhibit "tolerable" levels of conformity. However, while six of these (Kaduna, Anambra, Plateau, Kwara, Imo and Rivers) could be said to exhibit positive tolerability (since their deviations are positive), the other five (Oyo, Ogun, Ondo, Sokoto and Benue) exhibit negative "tolerability" for the opposite reason.

On the other hand (and finally), four of the 8 states with deviations above the mean (Lagos, Bendel, Kano, and Crossriver) have positive "unacceptability" and the remaining four (Borno, Bauchi, Gongola and Niger) exhibit negative unacceptability, the respective reason being similar to those of the last paragraph.

The strength and therefore the degree of acceptability of the relationship between the actual and hypothetical addition rankings of the 19 states could even be more succinctly elicited by statistical testing. For this purpose, Spearman's rank-difference correlation, ρ (rho), is particularly appropriate, the aim being to ascertain if the rankings of the states on actual additions (1975-1980), correlate significantly with their rankings on hypothetical additions (deriving from levels of industrial development existing in 1974).

This is done by applying the formula $\rho = 1 - \frac{6\Sigma D^2}{N(N^2-1)}$ where ΣD^2 = sum of the squared differences between ranks; and N = number of pairs of measurements. Computing with the values in the "hypothetical" and "actual" columns in Table 26,

$$\rho = 1 - \frac{6\text{x}1279}{19(19^2-1)} = 1 - \frac{7674}{6840} = 1 - 1.1219298$$

or approximately -0.1219

The null hypothesis appropriate to this context is that there is no correlation or relationship between the two sets of ranking.[8] If, on inspection of the appropriate tables, the obtained correlation coefficient, ρ, is less than the critical value for significance, the hypothesis would have to be upheld; if, on the other hand, the obtained value of ρ is significant, the hypothesis would have to be rejected.

It turns out that the obtained coefficient ($\rho = -0.1219$) is not significant even at the .05 level of confidence. This lack of significant correlation remains true even after estimating (and testing with) the Z ratio, using the formula

$$Zp = \rho\sqrt{N - 1}$$

[8] Hubert M. Blalock, Jr. Social Statistics, (New York: McGraw-Hill Book Company, 1972), pp. 416-418; J.P. Guilford, Fundamental Statistics in Psychology and Education, (New York: McGraw-Hill Book Company, 1965), pp. 305-308 and 593.

The hypothesis of no correlation is therefore upheld. The conclusion is thus straightforward: there is no significant relationship or correlation between the rankings of the 19 states with respect to hypothetical (or expected) and actual additions to manufacturing in the 1975-1980 period. That is in spite of the much-publicised equity or balanced-development principle, the distribution of additions to manufacturing among the states did not on the whole, occur in proportions that, to any important extent, took cognizance of the existing levels of industrial development (1974) and the related societal philosophy which pre-supposes the need for appropriate upward or downward levelling.

The results obtained could hardly have been otherwise. Apart from whatever other reason might be aduced (such as time horizon), the balanced-development concept is an issue of public policy which is not binding on private entrepreneurs, including those in manufacturing. And since the private sector as a source of the investments which generate "additions" to manufacturing is not only far more important than the public sector in Nigeria (see Section IV.1. above) but also behaves in its own interests, it is highly unlikely to be significantly influenced by (what might seem to it) abstract and unprofitable issues of spatially balanced development.

(b) Re-examination of Other Regional Patterns

The methodology used for analyzing the difference between the patterns of manufacturing existing in 1974 and additions to manufacturing in the 1975-1980 period (including the logic of the balanced-development concept) is also appropriate for re-examining other relevant pairs of regional patterns for 1974 vis-a-vis those for the 1975-1980 period as well as those for the comulative aggregates existing in 1980. Thus, as indicated earlier (beginning of this section), the following paired patterns are re-examined using the same procedures employed for additions to manufacturing (without reporting the similar computational processes involved):

(1) manufacturing pattern in 1974 and/with NIDB cumulative (total) financing pattern up to 1974;

(2) manufacturing pattern in 1974 and/with NIDB cumulative (total) financing pattern, 1975-1980;

(3) manufacturing pattern in 1980 and/with NIDB cumulative (total) financing pattern up to 1980; and

(4) cumulative (total) NIDB financing pattern up to 1974 and NIDB financing pattern cumulated for the 1975-1980 period.

The relevant computations are based on the data in Tables 20 and 22 as well as Appendices VIA, VIB and VIC. The results of the (spatial) rank-difference analyses are summarized in Table 27 together with the corresponding significance ratings. The column headings in Table 27 (1-4) correspond to the listing of pairs of regional patterns (1-4) indicated in the last paragraph. The results can be described briefly.

First, the rank-difference analysis of manufacturing (employment) in 1974 with cumulated NIDB total net financing up to 1974 (i.e. 1964-1974) is intended to elicit whether NIDB's financing patterns up to 1974 relates significantly to the regional pattern of manufacturing existing in 1974. The rank-difference correlation coefficient in this respect (ρ = 0.6943) is significant even beyond the .01 level of confidence. By way of recall, the accompanying null hypothesis in this context is that there is no correlation or relationship between the two sets of ranking (column 1 of Table 27). A non-significant coefficient warrants upholding the hypothesis while a significant coefficient compels rejection. Since the obtained coefficient here is significant; the hypothesis of "no relationship" is rejected. That is, up to 1974, the cumulative regional pattern of NIDB total financing does bear a significant relationship to the regional (state) distribution of manufacturing existing on the Nigerian landscape in 1974.

This result is hardly surprising since, prior to the early 1970s when the balanced-development policy came into prominence, NIDB was not so pre-occupied with balancing its financing activities regionally. It was free to apply only its technical criteria for financing, even at the margin. The situation then was most conducive to the circular and cumulative causation process: areas/regions with most manufacturing enterprises would normally have more potential clients to seek and obtain NIDB financing and the cumulative (over-time) effect would be a strong spatial relationship between the banks financing and manufactural activities.

Secondly, the rank-difference coefficient (of $\rho = 0.3491$) between the manufacturing pattern existing in 1974 and total NIDB financing cumulated (summed) over the 1975-1980 period only (column 2 of Table 27), though positive, just falls short of significance even at the .05 level of confidence. The analysis in this connection is intended to elicit whether, at a time when the balanced-development policy has come into rpominence and NIDB has fully subscribed to it (1975-1980), the regional pattern of the bank's financing takes account of the polarized pattern of manufacturing existing in 1974. NIDB is expected (and aspires), even within the constraints of its technical criteria, to spread its financing to relatively less industrially-developed regions/states). The fact that the rank-difference coefficient is positive indicates that NIDB financing

TABLE 27: Rank-difference Correlation Analyses of Manufacturing and NIDB Total Financing Patterns in a Regional Context and at Different Points in Time: Results.

Summarized Aspects	1 MFG74 with NIDBTOT74	2 MFG74 with NIDB75/80	3 MFG80 with NIDBTOT80	4 NIDBTOT74 NIDB75/80
1. Rank-difference Correlation Coefficient (ρ)	0.6943	0.3491	-0.0078	0.4996
2. Significance Rating	Positive and significant beyond .01 level of confidence	Positive but not quite significant even at .05 level of confidence	Negative but not remotely close to being significant at .05 level of confidence	Positive and significant at the .05 level of confidence but not at .01

Notes: (1) For the analyses here, manufacturing is measured by the employment criterion.

(2) The column headings in this table (1-4) correspond to the listing (1-4) of pairs of regional patterns for rank-difference analysis indicated above.

(3) Computed from relevant values in Tables 20 and 22 as well as Appendices VIA, VIB and VIC.

is related to the existing pattern, again a reflection of the cumulative-causation process. Perhaps more importantly, however, the rank-difference coefficient is not significant and the hypothesis of "no relationship" has to be upheld. The inference is that NIDB has distributed its financing (regionally) in the 1975-1980 period such that regions (states) ranking high on manufacturing did not rank high on the reception of its funds; and conversely, areas ranking low on manufacturing received proportionately more of (or ranked high on) the bank's financing, a result which is consistent with the cumulative-percentage curve analysis in Section VI.3.1. (summarized in Table 24B where such states as Bauchi and Niger which share very low proportions of national manufacturing are among the states accounting for a high proportion of NIDB financing even over the entire 1964-1980 period). Thus, although Nigerian manufacturing still remains regionally polarized by 1980, it could be said that NIDB has, since the balanced-development policy became prominent in the early 1970s, been attempting to constitute itself into a countervailing force (vis-a-vis the circular and cumulative causation process).

Thirdly, the rank-difference analysis relating to the regional pattern of manufacturing in 1980 and NIDB total financing cumulated to 1980 (i.e. over the entire 1964-1980 period) is intended to elicit what relationship the two patterns bear to each other by 1980 (column 3 of Table 27). The rank-difference coefficient ($\rho = -0.0078$) is negative and highly insignificant and compels acceptance of the "no relationship" hypothesis. Both points warrant an inference similar to that in the last paragraph: the fact that the coefficient makes it into the negative direction (no matter how little) suggests that on the whole and for the entire 1964-1980 period viewed cumulatively, the net result (by 1980) of

NIDB financing practices has been to generate an inverse relationship between states' rankings on manufacturing and on financing from the bank; and the non-significance of the coefficient which leads to accepting the "no relationship hypothesis" implies that NIDB has been making an effort to dissociate (proportionately) the regional location of its financing from areas sharing large proportions of national manufacturing. This is a practice likely to push the regional structure of Nigerian manufacturing further in the direction of convergence with time.

Finally, the rank-difference analysis involving NIDB total financing cumulated to 1974 and also the bank's financing cumulated for the 1975-1980 period (column 4 of Table 27) is intended to elicit whether or not states ranking high or low on the bank's financing by 1974 also rank similarly in the 1975-1980 period. The obtained coefficient ($\rho = 0.4996$) is significant at the .05 level of confidence and leads to a rejection of "the no relationship" hypothesis. That is, there is a significant relationship between states' ranking on NIDB cumulative financing up to 1974 and the corresponding ranks for 1975-1980. This analysis is a logical complement of that relating 1974 manufacturing to NIDB financing for 1975/80 which yielded a "no-relationship" result (column 2 of Table 27). It would be remembered that the rank-difference coefficient in that case was not significant, meaning that NIDB financing patterns in 1975/80 did not correspond with manufacturing patterns in 1974. Apparently continuing its convergence-inducing pattern in the 1975/80 period, the bank's financing pattern (in 1975/80) reinforced its financing pattern up to 1974 such that a significant coefficient results, a clear tendency also reflected for both patterns (manufacturing and cumulative total financing) by 1980 (column 3 of Table 27).

Thus, the analyses summarized in Table 27 quite fairly reveals the convergence-inducing dynamics of NIDB financing patterns vis-a-vis the regional pattern of manufacturing during the study period.

However, Nigerian pattern of manufacturing still remains polarized although an incipient tendency towards convergence has become observable by 1980. This in all probability, could not be unrelated to the regional pattern of NIDB financing just analyzed. The suggestion, nevertheless, is that NIDB would need to continue it's convergence-inducing patterns for some time to come. For now, however, a second implication is that NIDB is (of course) only one of the sources of funds for investment in manufacturing in the Nigerian economy. The continuing imbalance (albeit diminishing) reflects not only the effect of past investment patterns but also the importance of other sources of funds for industrial investment, especially the private sector notably since Nigerian indigenization began in the early 1970s.[9] Two points arise from these observations. It calls for an examination of how NIDB favours areas it wishes to favour (what might be called the mechanics of NIDB "favouritism"). Also, since private entrepreneural effort is of importance in generating the aggregate patterns noticeable at any point in time, it is also desirable to examine briefly what internal efforts are discernible on the part of individual states to respond positively to NIDB financing. To the extent possible with the available data, these two issues are examined in the next section, the final substantive analyses in this study.

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[9] See, for example, Federal Republic of Nigeria, "Nigerian Enterprises Promotion Decree 1977", Laws of the Federal Republic of Nigeria, 1977, (Lagos: Federal Ministry of Information, Printing Division), pp. A17-A34.

IV.4 The Mechanics of NIDB "Favouritism" and Internal Regional Effort

Essentially the same set of data could be used to explore the issues of NIDB "favouritism" to various areas of the country and the internal efforts made by the same areas in the industrial development drive. However, it is convenient to discuss the former first and the latter last.

IV.4.1 Analysis of NIDB "Favouritism"

Direct evidence is not available on how NIDB implements its divergence-inducing policy at the project selection stage since all potential client enterprises are expected to be subjected to the same set of technical criteria (economic desirability, technical feasibility and commercial viability) in the application process. What is known of development banks generally suggests that policy-consistent favouritism could be practiced in two general ways: de-emphasizing technical criteria selectively, or actually favouring enterprises from "disadvantaged" areas, both at the margin of project-selection decisions; and selectively intensifying promotional activities in order to "breed" potential client enterprises in relatively disadvantaged areas.

However, the path taken in this study has been to elicit patterns and trends from the record (i.e. relevant data) rather than mere policy statements or general practices. Accordingly, three main ways in which the bank might have "favoured" different areas could be elicited by computing and comparing the ratios or indices relating to:

(a) the number of NIDB-financed enterprises (client or project establishments) in a state vis-a-vis the number of manufacturing establishments in the state;

(b) the total (cumulated, 1964-1980) amount of NIDB equity financing in a state vis-a-vis the equity component of project costs in the state (cumulated, 1964-1980); and

(c) total NIDB financing (cumulated, 1964-1980) in a state vis-a-vis total project costs in the state (cumulated, 1965-1980).

The rationale for the choice of these criteria for indexing NIDB "favouritism" would seem obvious. In the first place, NIDB financing to any state is transmitted via the medium of the manufacturing enterprise which manages (autonomously or through the bank's promotional activity) to become one of the bank's client enterprises. It is in that context (of being or becoming a client) that NIDB has an opportunity to favour or disfavour. An index relating the actual number of client enterprises in a state to the number of manufacturing establishments in the state which, potentially could be NIDB clients would reflect at least the opportunities which the bank has had for favouring that state. The same rationale applies to the other two criteria.

However, the ratio of NIDB financing in the form of equity (in relation to the equity component of the cost structures of client enterprises in a state) even has extra significance. Equity financing (rather than loan financing) involves greater commitment because it carries the implication of part-ownership and the expectable expenditure of resources to nurture the enterprise concerned to success.

Finally, the third criterion, total financing (the sum of equity and loan financing), is useful to reflect the total extent of NIDB financing in a state vis-a-vis the total financing costs of client establishments in a state.

The computational method is similar to that used for obtaining location quotients or indices of concentration. That is, the first of the pairs of variables outlined above is computed as a percentageof the second. The percentage thus obtained is then divided by a similar (corresponding) percentage for the country as a whole. The value thus obtained is designated the concentration index. If the index is approximately 1, the state concerned is described as normal (N). If it is less than 1 (effectively 0.8), it is described as disfavoured (D). And if the index is greater than 1 (i.e. over 1.4), the state concerned is described as favoured, F (see rules at the bottom of Tables 28 through 30). A separate table summarizes each state's "favouritism score" . Since there are three criteria for analyzing the "favouritism" issue, a state scores 1 point for being favoured on each, for a maximum of 3 points and the minimum of 2 needed to earn the "grand rating" of "convergence-favoured". No scores are earned for "partial ratings" of disfavoured (D) or normal (N); and at least two "partial ratings" of D would yield a grand rating of "convergence-disfavoured" while at least two of N would yield "neutral". A "mixed grand rating" is given where all three "partial ratings" (D, F, N) are represented.

Anambra state could be used to illustrate the computational process. It's project (client) establishment number expressed as a percentage of total manufacturing establishments in the state yields 12.44 per cent. The corresponding percentage for the whole country is 13.00. Therefore, Anambra's index of concentration is 12.44/13 = 0.96 or approximately 1 (see Table 28). The state's overall designation depends on how its indices turn out on all three grounds of comparison (summarized in Table 31 below). Similarly for other states and for the two other grounds of comparison (Tables 29 and 30).

Table 28 shows the concentration indices for each state in respect of NIDB-financed enterprises (project establishments) and total manufacturing establishments. The "partial ratings" column shows that 8 of the states are "disfavoured" (D); these are Bendel, Benue, Crossriver, Gongola, Imo, Kano, Plateau and Rivers. Similarly, 8 are "favoured" (D): Bauchi, Borno, Kaduna, Kwara, Niger, Ogun, Oyo and Sokoto. The remaining three (Anambra, Lagos and Ondo) are "normal" (N).

Similarly, Table 29 shows the indices and ratings in respect of NIDB equity financing and project equity cost for each state. The results are as follows. There are five "disfavoured" states; five are "favoured"; and nine are "normal".

Finally, Table 30 shows the concentration indices and partial ratings in respect of total NIDB financing (equity and loans combined) and total cost of projects (client enterprises), composed also of equity and loan components (see Appendix VIB). Four states are "disfavoured" in this respect; eight are "favoured"; and the remaining seven are "normal".

Table 31 summarizes the partial ratings in the successive tables (28-30) and makes it possible to view the ratings together. Column 5 of Table 31 has been inserted to recall the rankings of the various regional units on 1980 manufacturing (employment); it helps to suggest what states are most in need of relative favouritism. The summary table indicates that five states are convergence-favoured (Anambra, Bendel, Borno, Kwara and Sokoto); 5 are convergence-disfavoured (Bauchi, Benue, Gongola, Kano and Plateau); two are mixed (Imo and Niger); and seven are neutral (Crossriver, Kaduna, Lagos, Ogun, Ondo, Oyo and Rivers).

In the convergence-favoured group are states with ranks 8, 3, 18, 9 and 14 respectively on 1980 manufacturing. Those with ranks 18 and 14

TABLE 28: Concentration Indices Based on NIDB-Financed (Project) Establishments and Total Manufacturing Establishments by States, 1980.

State	Project Establishments as % of Total Manufacturing Establishments	Concentration Index	Partial Rating
1. Anambra	12.44	0.96	N
2. Bauchi	160.00	12.31	F
3. Bendel	8.30	0.64	D
4. Benue	6.00	0.46	D
5. Borno	58.33	4.47	F
6. Crossriver	6.88	0.53	D
7. Gongola	9.52	0.73	D
8. Imo	7.42	0.57	D
9. Kaduna	31.25	2.40	F
10. Kano	2.83	0.23	D
11. Kwara	58.97	4.54	F
12. Lagos	17.00	1.31	N
13. Niger	83.33	6.41	F
14. Ogun	66.67	5.13	F
15. Ondo	10.64	0.82	N
16. Oyo	23.38	1.80	F
17. Plateau	6.25	0.48	D
18. Rivers	1.99	0.15	D
19. Sokoto	60.00	4.62	F
Nation	13.00	1.00	

Source: Computed from relevant values in Table 20 and Appendix VIB.

Notes: (1) The letter symbols have the following interpretations:
D = Disfavoured; F = Favoured; N = Normal.
The applicable empirical rules are as follows:

(a) A state is considered disfavoured when its concentration index is less than 0.7, that is closer to 0.5 than to 1 (approximately) or clearly less than 0.7.

(b) A state is considered normal if its concentration index is as high as 0.8 but below 1.5 (approximately).

(c) A state is considered favoured if its index is 1.5 or more.

(2) The client establishments for Bauchi state includes two hotels. This accounts for the fact that its number of client establishments exceeds the total number of manufacturing establishments existing in the state by 1980. However, the few non-manufacturing NIDB client enterprises in the data (a net of 19) were included in the analyses for every state concerned. The rationale is that from the viewpoint of employment generation, human welfare and development, the few non-manufacturing client enterprises could be just as important. Besides, the inclusion makes it possible to take account of all NIDB operations in all states.

TABLE 29: Concentration Indices Based on NIDB Total Equity Financing and Total Equity Cost of Client Projects by States, 1980.

State	NIDB Equity as % of Project Equity	Concentration Index	Partial Rating
1. Anambra	10.45	1.68	F
2. Bauchi	3.23	0.52	D
3. Bendel	9.79	1.58	F
4. Benue	2.79	0.45	D
5. Borno	11.58	1.86	F
6. Crossriver	5.46	0.88	N
7. Gongola	2.48	0.40	D
8. Imo	4.72	0.76	N
9. Kaduna	6.36	1.02	N
10. Kano	0.41	0.07	D
11. Kwara	10.68	1.72	F
12. Lagos	7.92	1.28	N
13. Niger	7.20	1.16	N
14. Ogun	7.54	1.21	N
15. Ondo	6.93	1.12	N
16. Oyo	7.71	1.24	N
17. Plateau	0.00	0.00	D
18. Rivers	7.26	1.17	N
19. Sokoto	11.93	1.92	F
Nation	6.21	1.00	-

Source: Computed from relevant "Project Cost" and "NIDB Participation" values in Appendix VIB.

Notes: The letter symbols have the following interpretations:
D = Disfavoured; F = Favoured; N = Normal.

The applicable empirical rules are as follows:

(a) A state is considered disfavoured when its concentration index is less than 0.7, that is closer to 0.5 than to 1 (approximately) or clearly less than 0.7.

(b) A state is considered normal if its concentration index is as high as 0.8 but below 1.5 (approximately).

(c) A state is considered favoured if its index is 1.5 or more.

TABLE 30: Concentration Indices Based on NIDB Total Financing and Total Project Cost by States, 1980.

	State	NIDB Total Financing as % of Total Project Cost	Concentration Index	Partial Rating
1.	Anambra	34.64	1.76	F
2.	Bauchi	12.96	0.66	D
3.	Bendel	31.62	1.60	F
4.	Benue	9.79	0.50	D
5.	Borno	28.74	1.46	F
6.	Crossriver	15.59	0.79	N
7.	Gongola	3.88	0.20	D
8.	Imo	36.30	1.84	F
9.	Kaduna	21.37	1.08	N
10.	Kano	32.60	1.65	F
11.	Kwara	35.33	1.79	F
12.	Lagos	24.98	1.27	N
13.	Niger	11.36	0.58	D
14.	Ogun	23.31	1.18	N
15.	Ondo	16.04	0.81	F
16.	Oyo	26.85	1.36	N
17.	Plateau	41.88	2.12	F
18.	Rivers	23.06	1.17	N
19.	Sokoto	27.68	1.40	N
	Nation	19.71	1.00	-

Source: Computed from relevant "Project Cost" and "NIDB Participation" values in Appendix VIB.

Notes: The letter symbols have the following interpretations:
D = Disfavoured; F = Favoured; N = Normal.

The applicable empirical rules are as follows:

(a) A state is considered disfavoured when its concentration index is less than 0.7, that is closer to 0.5 than to 1 (approximately) or clearly less than 0.7.

(b) A state is considered normal if its concentration index is as high as 0.8 but below 1.5 (approximately).

(c) A state is considered favoured if its index is 1.5 or more.

(respectively, Borno and Sokoto) would appear to be the two in that group needing the convergence-favoured rating most. Of the five which are convergence-disfavoured, the first three (Bauchi, Benue and Gongola respectively with ranks 17, 15 and 15) appear even more in need of the convergence-favoured rating.

The "mixed" category reflects different outcomes with respect to the three criteria for measuring NIDB "favouritism". While the suggestion is that each of the two states concerned is favoured in respect of at least one criterion, the two are not equally in need of NIDB "favouritism": Niger with rank 19 appears most in need among all states.

Finally, most of the seven states with "neutral" ranking seem relatively able to afford being in that category, especially Lagos with rank 1 on 1980 manufacturing (and every other variable used in this study). However, three states in the group (Ogun, Ondo and Oyo respectively with rank 12, 12 and 11) appear to need at least the "mixed" rating to improve their relative standings.

On the whole, the varied pattern of the ratings point to the difficulty inherent in the nature of the policy task NIDB has assumed: how, within the bank's own technical and institutional guidelines, is the job of "engineering" balanced development to be carried out? However, the assorted patterns of mixed, neutral, disfavoured and favoured ratings in the analysis is consistent with the incipient convergence earlier noticed for the whole regional system (Section IV.3.1) as well as the observed pattern of divergence between state rankings on manufacturing and on NIDB financing in the 1975-1980 period (Section IV.3.2); although the fact that the analysis of NIDB "favouritism" necessarily employs the sum of NIDB-financing variables over the whole 1964-1980 time span (in order to elicit the overall favouritism patterns over the entire study period) has, not unexpectably, diluted the pattern. Nevertheless, the essential inference from the rank-difference analysis pertaining to NIDB financing especially in the 1975-1980 period reflecting an effort to favour erstwhile "disadvantaged" states is again apparent here: of the 9 states ranking 11 to 19 on 1980 manufacturing, two are in the convergence-favoured group, one is in the mixed, and the three in the neutral group have at least one "F" rating each. Even two of them in the convergence-disfavoured group (Bauchi and Benue, respectively with rank 17 and 15) have at least one partial rating of "F" each. Only Gongola (rank 15) consistently has partial ratings of "D" on all three criteria of "favouritism" (Table 31). Conversely, Lagos state, seemingly least in need of favouritism in this context, consistently records a neutral rating on all three criteria. Thus, the earlier conclusion that NIDB would have to continue its convergence-inducing practices for quite some time into the future in order to be able to alter (significantly) the still-polarized regional pattern of Nigerian manufacturing, also re-emerges very strongly here.

Apart from the three criteria used for analyzing NIDB "favouritism", interest-rate setting patterns (with respect to loans) would also have been eminently suitable. However, NIDB does not charge its clients interest rates which are discernibly different from those of commercial banks and it does not publish the interest rates which it charges on loans to individual client establishments. What is known is that since the late 1970s, for instance, NIDB interest rates have averaged 10½ to 11 per cent per annum.[10] This compares markedly with the highest of the average interest

[10] NIDB, General Policies, (Lagos: 1980?), p. 2. Even minor extra charges (of 3/4%) on undisbursed parts of loans and (2%) on overdue principal and interest would push the mean NIDB rates higher than those of commercial banks further.

TABLE 31: Summary of "Favouritism" Appraisal in Relation to NIDB Financing by States, 1980.

	State	Appraisal in respect of: 1 Establishments Index	2 Equity Financing Index	3 Total Financing Index	4 Total Favouritism Score	5 Ground Rating	6 Ranking on 1980 Mfg.
1.	Anambra	N	F	F	2	Con.-Fav.	8
2.	Bauchi	F	D	D	1	Con.-Disfav.	17
3.	Bendel	D	F	F	2	Con.-Fav.	3
4.	Benue	D	D	D	0	Con.-Disfav.	15
5.	Borno	F	F	F	3	Con.-Fav.	18
6.	Crossriver	D	N	N	0	Neutral	7
7.	Gongola	D	D	D	0	Con.-Disfav.	15
8.	Imo	D	N	F	1	Mixed	6
9.	Kaduna	F	N	N	1	Neutral	5
10.	Kano	D	D	F	1	Con.-Disfav.	2
11.	Kwara	F	F	F	3	Con.-Fav.	9
12.	Lagos	N	N	N	0	Neutral	1
13.	Niger	F	N	D	1	Mixed	19
14.	Ogun	F	N	N	1	Neutral	12
15.	Ondo	N	N	F	1	Neutral	12
16.	Oyo	F	N	N	1	Neutral	11
17.	Plateau	D	D	F	1	Con.-Disfav.	10
18.	Rivers	D	N	N	0	Neutral	4
19.	Sokoto	F	F	N	2	Con.-Fav.	14

Source: Tables 28-30 and Table 24A respectively for columns 2, 3, 4 and 6.

Note: The abbreviated words read fully as follows: Con.-Fav. = Convergence-favoured, and
Con.-Disfav. = Convergence-disfavoured.

rates charged by commercial banks (those to "other advances") in the last half of the 1970s, (Table 32).

TABLE 32: Mean Lending Rates of Commercial Banks in Nigeria, 1975-1979.

Categories of Customers	Rates by Years (%)				
	1975	1976	1977	1978	1979*
1. First Class Advances	6.0	6.0	6.0	6.8	7.0
2. Produce Advances	9.0	8.0	7.5	8.9	9.3
3. Other Advances	9.0	10.0	9.3	10.8	11.0

Source: Central Bank of Nigeria, Economic and Financial Review, Vol. 17, No.1, June 1979, p. 34.

Note: * Mean for 1979 covers only January to June.

Apparently, NIDB takes the position that its long-term financing services are sufficiently valuable to warrant no concessions on interest rates.

In any event, the analysis in respect of NIDB "favouritism" also yields some insights for the issue of internal regional effort, the final aspect examined here. These insights could be briefly summarized before examining the other dimension which also mirrows the internal/regional effort factor: the pattern of sanction withdrawals.

IV.4.2 Internal Regional Effort and NIDB Financing

It is directly pertinent within the balanced-development perspective to ask what internally relevant developmental effort a state should make before expecting public-policy induced concessions in a given area of economic activity. That line of thought has to be made contextually relevant. For the concerns here the observable indicators of internal regional efforts are the existing manufacturing enterprises or establishments which, with individual self-organization, could approach NIDB for financing and mobilize resources to meet the bank's conditions for financing. From the analysis in the preceding section (IV.5.1), some initial inferences regarding internal self-organization and effort could be elicited. The "internal" (state-based) percentages used for computing the concentration indices are useful in this regard .

To the extent that the relevant percentage value for a state (NIDB client enterprises expressed as a percentage of all establishments in the state) is low, to that much extent is that state (relevant enterprises in it) <u>not</u> taking adequate advantage of NIDB's financing capabilities. It's internal effort is, therefore, considered correspondingly low. The national percentage of 13 provides, in this regard, a useful reference value as an indicator of "mean" national effort: 13 out of every 100 enterprises in the country are NIDB's clients (Table 28). The component states could thus be grouped into effort-level categories of those <u>below</u> and <u>above</u> the "mean" national effort-making level (see Table 33).

It would be noticed on Table 33 that 9 of the 19 states have percentage values <u>above</u> the national mean with respect to the proportion of enterprises which have attracted NIDB financing and 10 are <u>below</u>. The practical utility or indication provided by this type of grouping is that it should suggest to manufacturing and other relevant enterprises in states belonging in the below-average group, especially those ranking very low in their shares of national manufacturing (notably Benue, Gongola, Ondo and Plateau) the need to take more advantage of NIDB's financing capabilities.

TABLE 33: Grouping of States by Internal (Regional) Effort-Making Categories in Relation to Attracting NIDB Financing (Based on Client Establishments in State Expressed as Percentage of all Manufacturing Establishments in State): National "Average" = 13.

Categories	No. of States	% (Range)	Names of States
A. Above Average	9	17-160*	Bauchi, Borno, Kaduna, Kuara, Lagos, Niger, Ogun, Oyo, Sokoto
B. Below Average	10	2-12	Anambra, Bendel, Benue, Crossriver, Gongola, Imo, Kano, Ondo, Plateau, Rivers

Source: Table 28.

Note: *The 160 per cent value is for Bauchi state, see note number 2 at the bottom of Table 28. If Bauchi is eliminated, the range in the above-average category would be 17-83 per cent.

The anomalous situation in which low ranking states find themselves in the above-average group reflects their "efforts" relative to the number of manufacturing establishments in them. However, it simultaneous has implications for the other indicator of the internal-effort factor to be examined presently. This group oddly includes states ranking lowest on 1980 manufacturing, notably Niger, Borno and Bauchi, ranking 19, 18 and 17 respectively (see Table 31). The fact is that although these states are making the best use of NIDB financing relative to the number of relevant enterprises in them, they are still very much behind in comparison to other states in the nation as far as manufacturing is concerned. Of course, they may have countervailing comparative advantages in sectors other than manufacturing, a reminder to the point made earlier that the balanced-development issue cannot be conclusively evaluated within the context of studies dealing with single sectors of the economy. For now, however, this phenomenon is a confirmation of Schatz's "capital-shortage illusion" thesis: that the problem in many LDCs ("Disadvantaged" states here) is not so much the shortage of capital for investment as it is the fewness or shortage of viable projects in which to invest available capital.[11] In fact, the other indicator of internal regional effort (or lack of it) could best be viewed in the light of the capital-shortage illusion concept.[12]

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[11] Sayre P. Schatz, Op. Cit., 1974, pp. 89-101.

[12] Data on rejected financing applications would have been eminently suited to this purpose but field enquiries have revealed that NIDB does not keep records of this type of information. Could it be that the bank is just unwilling to release such data, probably for political reasons?

The preliminary discussion of the data relating to NIDB financing indicated (Section III.1.2) that the bank made a total of 421 sanctions between 1964 and 1980. Forty of the sanctions were subsequently withdrawn or cancelled because the enterprises concerned were, for various reasons, not able to fulfill their parts of the relevant financing agreements. The bulk of the analyses in this study have therefore had to be based on data for the real sanctions remaining (381) and the word "net" has been consistently used to reflect this. The enterprises whose sanctions were cancelled are distributed unevenly all over the country.

A simple percentage analysis of the pattern of sanction withdrawal (that is, expressing the number of sanctions withdrawn in a state as a percentage of total or gross sanctions in the state over the 1964-1980 period) sufficiently reveals how well or badly enterprises in various states used the opportunities for NIDB financing which they had. It would thus suggest inferences regarding internal regional efforts. Table 34 represents the pattern.[13]

The pattern of percentage values on the table indicates that 7 states did not suffer sanction withdrawal, the implication being that internal efforts were made to use the capital (financing) made available. Of the remaining 12 states (those that suffered sanction withdrawal through the would-be client enterprises located in them), Benue was worst hit (33 per cent), followed by Bauchi (22 per cent), Kano (20 per cent), Anambra (18 per cent), Ondo (17 per cent), Bendel and Borno (13 per cent each), Lagos

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[13] The withdrawal values for each state could also be compared to the 1980 figures for manufacturing in each state. However, it makes no real difference for the relative positions of states in this connection. The percentage values would be merely scaled down since the denominators would thus be larger. The interpretation would turn out to be the same.

TABLE 34: The State Patterns of NIDB Gross Sanctions and Withdrawals, 1964-1980.

State	NIDB Sanctions, 1964-1980 Gross Number	No. Withdrawn	% Withdrawn
1. Anambra	34	6	17.6
2. Bauchi	9	2	22.2
3. Bendel	24	3	12.5
4. Benue	3	1	33.3
5. Borno	8	1	12.5
6. Crossriver	13	0	0.0
7. Gongola	2	0	0.0
8. Imo	29	0	0.0
9. Kaduna	22	2	9.1
10. Kano	10	2	20.0
11. Kwara	24	1	4.2
12. Lagos	157	19	12.1
13. Niger	5	0	0.0
14. Ogun	32	0	0.0
15. Ondo	6	1	16.7
16. Oyo	19	1	5.3
17. Plateau	6	0	0.0
18. Rivers	9	1	11.1
19. Sokoto	9	0	0.0
Total/Nation	421	40	9.5

Source: Same as for Table 7.

(12 per cent), Rivers (11 per cent), Kaduna (9 per cent), Ōyo (5 per cent) and Kwara (4 per cent). The first 9 states among these twelve are above the national "average" of 10 per cent and the remaining 3 are below.

While the various sanction-withdrawal proportions mirror the extents to which internal regional efforts were <u>not</u> made to use funds made available by the bank and therefore the prevailing degrees of capital-shortage illusion, they are clearly more serious for some states than others, especially those ranking low on shares of 1980 national manufacturing. Thus, agains, such states as Benue (rank 15), Bauchi (rank 17), and Ondo (rank 12) should have made enough internal efforts not only to use the sanctions they got but also to attract more. It would, in fact, be consistent with NIDB's promotional objectives if groups/associations of local industrialists and even relevant ministries of state governments organize to publicize how relevant enterprises could take more advantage of NIDB's financing services.

The twin issues of NIDB "favouritism" and internal regional efforts conclude the substantive analyses of this study. The next final chapter carries a synthesis of the main analyses and inferences of the study and also makes pertinent observations and remarks on the continuing role of NIDB in Nigerian industrial development.

CHAPTER FIVE

THE ANALYSES IN RETROSPECT AND CONCLUDING REMARKS

V.1 Preliminary Remarks and the Study's Objectives

As indicated in the first chapter, the broad objective of the study has been to analyze the financing activities of Nigeria's most important development finance institution, NIDB, with a view to eliciting how much its financing patterns show consistency with some major elements of industrial-development planning policies and objectives in Nigeria. Since NIDB's raison d'etre is to provide medium- and long-term financing primarily in the field of manufacturing, the study necessarily requires analysis of the relevant patterns of Nigerian manufacturing in close association with NIDB financing data in order to elicit the desired relationships. Broadly, the study covers the 1964-1980 period but the relevant data have been aggregated/cumulated primarily for two points in time (1974 and 1980) in order to make identification of policy-related changes in patterns possible.

The industrial-development policy elements in the light of which the analyses have been performed are those relating to:

(a) the goal of evolving a more balanced industrial output structure for Nigeria (III.2.2);

and (b) the objective of gradually evolving a more balanced regional/spatial pattern of manufacturing consistent with the long-term societal objective of relatively even development in Nigeria (I.4.3 and IV.1).

It has also been indicated that NIDB records strongly reflect relevant public policy objectives in its functional environment, especially (for the concerns of this study) the objective of evolving a more regionally-balanced pattern of development (II.2.1).

The type of changes and relationships which the study sought to elicit were thus made consistent with the initial statement of the study's specific objectives:

(a) ascertaining the degree to which NIDB's financing or credit activities have contributed to Nigerian industrial development generally; and

(b) eliciting the extent to which the financing activities of the bank have mitigated the essentially polarized pattern of Nigerian manufacturing.

Necessarily, such conceptual notions as balanced development (structural and spatial here), convergence/divergence and the related concepts of circular and cumulative causation as well as Schatz's capital-shortage illusion thesis provided the theoretical frame of reference at appropriate stages of the analyses.

In view of the main policy elements examined and the corresponding objectives of the study, the study was carried out at two levels of analyses: the national level of analysis concerned (initially) with the temporal relationships between industrial development and NIDB financing and (later) the bank's financing activities vis-a-vis Nigeria's industrial output structure (Chapter Three); and the regional level of analysis concerned with eliciting how much NIDB's financing patterns have been consistent with evolving a regionally balanced pattern of manufacturing in the country (Chapter Four).

The analysis at the national level employed, primarily, the relevant criteria of paid-up capital investment and employment as basic measures of manufacturing, incorporating numbers of production units, plants or establishments as necessary. Total financing (the sum of equity and loans) was used as the fundamental measure of NIDB financing, also isolating relevant associated components and variables such as number of client (project) enterprises, the equity component and associated employment as necessary at different stages. The regional level of analysis employed, fundamentally, the yardsticks of number of establishments and employment to measure manufacturing, and essentially the same measure of NIDB financing as used at the national level; it also features differential isolation of variables for scrutiny at various stages.

The succeeding pages constitute a synthesis of the major relationships elicited from the analyses. They also cover relevant conclusions and remarks related to the analyses and the continuing role of NIDB in Nigeria's industrial development.

V.2 Temporal and Structural Relationships Between NIDB Financing Patterns and Manufacturing: The National Level of Analysis

The temporal analysis is summarized first.

V.2.1 Synthesis and Conclusion on the Temporal Analysis

A preliminary overview of the NIDB data revealed that over the 1964-1980 study period, the bank made a total of 421 sanctions, 40 (9.5 per cent) of which were subsequently canceled or withdrawn (mainly between 1972 and 1978) for various reasons reflecting the inability of the client enterprises to meet one or the other aspect of the relevant financing agreements. Thus, the substantive analyses were based on the remaining 381 sanctions (net financing) since the withdrawn sanctions, though examined at a point in the regional analysis, had to be deleted from the substantive data.

Similarly, a preliminary analysis of the manufactural data shows that Nigerian manufacturing establishments increased from 2 in 1894 to 2,930 in 1980. While about 51 per cent of them came into being between 1961 and 1970, about 74 per cent of the 1980 total started operating only since the country's independence in 1960. And while about 82.2 per cent of the establishments existing in 1980 employed 10-100 people each, most of the total manufactural employment (almost 80 per cent) was concentrated in larger size establishments employing over 100 people.

By cumulative aggregation (addition), it was possible to establish a temporal match between the two sets of data, those relating respectively to NIDB financing and manufacturing over the study period (Table 12B). The subsequent temporal analysis revealed that:

(a) the proportion of Nigerian manufacturing establishments which received NIDB financing increased unsteadily from 5.7 per cent in 1965 to 13.0 per cent in 1980;

(b) the employment in the NIDB-financed enterprises or establishments similarly increased from 12.6 per cent of total national manufactural employment in 1965 to 30.2 per cent in 1980[1];

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[1]The indication of 1965 as the initial terminal year here results from the aggregation which had to be done to establish a temporal match between total manufacturing and NIDB data: while NIDB data is complete from 1964 to 1980, the data on national manufacturing was not complete in respect of some desired variables for some years, including 1964.

(c) when NIDB's total financing is expressed as a proportion of the total paid-up capital investment in manufacturing, a temporal increase from 4.5 to 18.8 per cent was also obtained for the study period.

The suggestion from these empirical values that Nigerian manufacturing has increased temporally as NIDB financing increased is indeed to be expected since the bank operates within the country and primarily in the field of manufacturing. That suggestion is further reinforced by the high positive correlations between the measures of manufacturing and NIDB financing in the temporal analyses. Thus, for instance, the temporal correlation between paid-up capital (manufacturing) and NIDB's total financing (of 0.906) as well as that between total employment in manufacturing and NIDB total financing (of 0.931) were significant even at the .01 level of confidence. The same high levels of relationship were revealed by the intercorrelations between the two basic measures of manufacturing (as well as the establishment measure) with such NIDB-associated variables as project (or assisted) establishment and employment numbers (Table 13).

The partial conclusion that the extent or intensity of Nigerian manufacturing has increased with increases in NIDB financing over the study period is therefore self-warranting.

V.2.2 Manufacturing Output Structure and NIDB Financing

The relationship between the cumulative structural patterns of NIDB financing and the structure of overall manufacturing was also analyzed by correlation procedures, using data sets for two points in time, 1974 and 1980. It was indicated that NIDB's general records do not reflect concerns for the structural imbalances and problems of the manufacturing sector to an extent even remotely comparable to the concerns shown for the spatially-balanced development issue. Nevertheless, the analyses in this regard reveals a striking relationship between the bank's financing patterns and the component structural groups within the manufacturing sector. The initial analysis showed, for instance, that:

(a) the textiles group (ISIC 32) shared the largest proportions of paid-up capital and employment in manufacturing in 1974 (respectively 28.8 and 31.5 per cent); and that the same textiles group shared the highest proportion of NIDB financing cumulated to 1974 (26.7 per cent);

and (b) although the lowest sharing industry-groups of manufactural employment and paid-up capital were not the same as those for NIDB financing up to 1974, the correspondence between the relative rankings of industry-type groups and NIDB financing reached down at least to the second-ranking sectors: the next highest receivers of NIDB financing being the food processing and non-metallic mineral products group (ISIC 31 and 36), each with approximately 16.5 per cent; one of these (food processing) also ranked second on overall manufacturing (with 19.3 and 17.4 per cent respectively by paid-up capital and employment).

Further analyses of the structural relationships between manufacturing and the bank's financing strongly reinforced the initially observed pattern of correspondence. For instance, the correlation coefficients (of 0.887) between paid-up capital in manufacturing and NIDB total financing and (of 0.0779) between manufactural employment and NIDB total financing up to 1974 were both significant at the .01 level of confidence. The inference and conclusion of a strong association between the structural rankings of various industry-type groups and the structural distribution of NIDB financing by 1974 could hardly be resisted. The inference is further reinforced by the results of an analysis regressing NIDB's total financing on manufactural paid-up capital. The scatter points on the accompanying scattergram was reinforcing enough. The related regression coefficient of .0057 also implies that by 1974, for every unit of cumulative NIDB investment or financing, there was ₦0.0057 million (or about ₦5,700) of paid-up capital investment, a relatively high level of "response".

However, the structural analysis of 1980 manufacturing and NIDB financing (cumulated to 1980) revealed divergences from the 1974 pattern of relationships. The 1980 relationships between the structural patterns of manufacturing and of NIDB financing were therefore further examined by correlation analysis. The hypothetical expectation was that if, to any important degree, NIDB had patterned its financing in the 1974-1980 period to favour industry-type groups which had relatively depressed status in 1974 (in pursuance of a policy of structural balance in manufacturing), there should be, for 1980, a negative or non-significant structural correlation between manufacturing and NIDB financing.

The obtained results were highly consistent with the inverse-relationship expectation. The correlation coefficients of -0.298 between paid-up capital and NIDB's total financing and of -0.010 between manufactural employment and NIDB total financing are clearly negative. The inference is straightforward: although NIDB does not give much prominence to the issue of structural balance, the structural distribution of the bank's financing strongly reflects a concern to gradually alter the country's industrial structure in the direction of increased balance. Since the obtained negative coefficients are not significant, however, the revelation has to be described as a strong tendency rather than an established pattern.

Further analyses by correlation and graphic procedures reveal why the finding could, perhaps, be more than a tendency. NIDB financing cumulated for the 1975-1980 period only was isolated and analysed with the manufactural pattern (structural) existing in 1974, all with a view to ascertaining how much the relatively depressed industry groups of 1974 were favoured by NIDB financing in the in-between period, 1975-1980. Essentially the same results were obtained. The two measures of manufacturing correlated very low with NIDB total financing in the in-between period, one (paid-up capital) negatively and the other (employment) positively but non-significantly.

The accompanying graphic analysis (Figure 6) revealed the relative structural distributions. While it showed such industry-type groups as basic metal (ISIC 37) and "others" (ISIC 39) to have been distinctly favoured, and textiles (ISIC 32), paper, printing and publishing (ISIC 34) as well as chemicals (ISIC 34) to have been relatively disfavoured, such other significant groups (of 1974) as food processing (ISIC 31) and non-metallic mineral products (ISIC 36) still received not inconsiderable proportions of NIDB financing in the 1975-1980 period.

The inference and conclusion from the analyses were compelling: without giving much prominence to a policy of structural balance, the structural distribution of NIDB's financing since the early 1970s clearly reflects a concern which is consistent with the national development-policy objective of evolving a balanced industrial structure. This, of course, does not mean the structural imbalance of the manufacturing sector has disappeared. It does mean that NIDB shows evidence of trying to mitigate it.

The fact that the "traditionally" dominant industry groups have not significantly relinquished their relative preponderance suggests a need for NIDB to continue its apparently cautious "balancing act" for some indefinite time into the future. It is not even certain, except in view of Nigeria's long-term policy of evolving an essentially self-reliant economy (I.4.3), how far the structural-balance policy could be pursued in one broad sector of the economy. Issues of comparative advantage vis-a-vis other countries (and especially within the Economic Community of West African States) might necessitate revisions at some future point in time when the country's own internal capabilities might have been more fully realized. At present, Nigerian manufacturing is still undergoing fundamental growth and has not attained the peak of development even in industry-type groups in which the country might have comparative advantage potentially.

The final remark in respect of the structural analyses then follows: that since the private sector is a very important source of entrepreneural investment in Nigeria, public policy in respect of structural balance could seriously consider making provisions for structurally selective incentives for industry groups it wishes to encourage. The mammoth direct investments in iron and steel projects by government since the mid-1970s indicates that the provision of encouragement and incentives to desired industry groups is not new to the Nigerian development-planning experience; that experience already features many incentive programmes in the area of manufacturing generally. A structurally selective incentive programme would therefore represent a new adaptation of an old tool to address a current concern.

V.3 The Regional Patterns of Manufacturing, NIDB Financing and the Balanced Development Policy

A second fundamental objective of the study has been to elicit the extent to which NIDB's financing activities have tended to mitigate the regionally polarized pattern of Nigerian manufacturing. This is in view of the country's public policy objective of evolving a regionally/spatially balanced pattern of development. NIDB's records show, among other things, an avowed commitment to the anti-disparity policy in its alloted function of industrial development financing. While the stated intent is not to pursue the anti-disparity goal at the cost of stagnation in regions (states) presumed to be relatively more developed, its desired effect is a rapid movement towards the attainment of a minimum standard of spatially balanced development.

There could hardly be a specific statement of time-bound targets in the regional convergence/divergence induction issue and there is none in the Nigerian case. The basic analytical task is therefore that of eliciting the direction and extent of change, hopefully towards convergence. Realising that the principle involved is thus not an equal-sharing or proportional one and that in view of differential production capabilities in different sectors, the population criterion could not be meaningfully used as a basis for analyzing the regional balance/imbalance issue for one economic-activity sector. The analyses in respect of the balanced-development issue passed through many stages to elicit pertinent trends in the patterns of manufacturing and NIDB financing during the study period.

An initial overview of the regional patterns of Nigerian manufacturing in 1974 and 1980 did not reflect any appreciable change. For instance, the proportion of manufacturing establishments for Lagos state had dropped from 31 to 28 per cent. Kaduna and Bendel states ranked respectively second and third in 1974 but only Kaduna had dropped out of its rank (replaced by Kano) in 1980. Similar changes occurred in respect of most other states, except that Bauchi, Benue, Borno, Gongola and Niger states remained consistently ranks of 15 to 19.

Part of the initial analysis of regional manufactural patterns also revealed the essential insignificance of manufacturing as an employment generating sector in the Nigerian economy. Even with the old 1963 population data, the number of people per 1000 employed in manufacturing ranged from less than 1 in 6 states even in 1980. Also unimpressive was the national "average" of five people per thousand in that year. Only Lagos state's 61 and 100 persons in 1974 and 1980 appears fairly remarkable.

A correlation analysis of the regional patterns of manufacturing and NIDB financing for the adopted points in time followed the separate preliminary overviews. The analysis revealed that:

(a) the regional pattern of manufacturing correlated very significantly (.01 level) with the pattern of NIDB financing by 1974 as well as 1980 (Table 23); and

(b) therefore, at both points in time, the regional patterns of NIDB financing and manufacturing revealed a very strong association.

Thus, although the 1980 pattern of NIDB financing had, unlike manufacturing, shown a divergence from the 1974 pattern, the absolute magnitudes of the bank's financing were, in 1980, broadly low where manufacturing was low and vice versa. An initial inference of the persistence of polarization was therefore warranted.

However, the differences initially revealed in NIDB financing pattern by 1980 as well as the objective of the study also warranted a concerted examination of the convergence/divergence issue in a number of stages.

V.3.1 Analysis of Regional Configurations

First, an analysis of the regional configuration of manufacturing vis-a-vis NIDB financing tried to determine how many of the 19 regional (state) units were needed to account for a "clearly high percentage" (set at 80 per cent) of the relevant values of manufacturing and NIDB financing in 1974 and 1980.

The accompanying cumulative percentage curves (Figures 7 and 8) revealed that:

(a) by 1974, it required five regional (state) units to account for 80 per cent of manufacturing (measured by employment) and seven regional units to account for the same proportion of NIDB financing, a clearly polarized pattern for both variables but more so for manufacturing than for NIDB financing (Figure 7);

(b) but by 1980, six regional units accounted for the 80 per cent proportion in respect of manufacturing and ten in regards to NIDB financing, the two structures again being polarized non-uniformly.

A number of inferences followed from the analysis. First, since a greater number of units accounted for the critical proportion of each of the variables in 1980 than in 1974 (no matter how small), the indication is that there has been a slow or incipient tendency towards convergence.

Secondly, for both points in time, the 80 per cent proportion was accounted for by larger numbers of regional units for NIDB financing pattern than for the pattern of manufacturing. The inference is that although both patterns revealed incipient convergence in the 1974-1980 period, the NIDB pattern revealed the convergence-prone trend more strongly.

The summary of the two patterns for the respective years (Table 24B) also revealed that the specific units counted towards the 80 per cent proportion for the NIDB pattern included remarkable numbers of regional units sharing very low proportions of national manufacturing and did not, therefore, form part of the lists of units accounting for 80 per cent, of manufacturing.

This leads to two additional inferences. First, there is the observable tendency for NIDB to spready significant proportions of its funds to states not currently sharing much of national manufacturing, states such as Ogun and Kwara in 1974 and Bauchi, Ogun and Niger in 1980. Thus, there is the implication that NIDB was trying to counteract the polarized pattern of manufacturing between 1974 and 1980. On the other hand, some states having large proportions of manufacturing were also included in the NIDB-related list. The observable force at work thus could be seen as the cumulative and circular causation process: some regional units with relatively numerous enterprises capable of taking advantage of NIDB's financing would tend to generate enough client enterprises which would attract the bank's funds even when its attitude is convergence-prone; and although the total financing going to such already "favoured" units might appear modest in relation to their proportional importance in national manufacturing, the financing "captured" by then would nevertheless appear relatively large in the overall national context. In any event, the numerous enterprises in such "favoured" units cannot be completely starved of financing. The net effect would therefore amount to the basic notion of the cumulative process: areas with initial advantages would tend to attract relatively more advantages and gain cumulatively over time. Nevertheless, the revealed change in the direction of convergence in the patterns of manufacturing and NIDB financing, albeit incipient, called for a more incisive re-examination of the regional system.

V.3.2 Re-examination of the Regional Pattern of Change

The analysis in respect of manufacturing was intended to ascertain whether the 1980 pattern reflects the balanced-development, equity or "levelling" principle to a degree consistent with disparities observable in the 1974 pattern. The rank-difference analysis used for this purpose carried the necessarily rigid hypothetical expectation of an inverse rank-order relationship: that the highest addition to regional manufacturing in the in-between period (1975-1980) should occur in states (regional units) ranking last in 1974 and vice versa. In other words, if additions to manufacturing had occurred (in 1975-1980) in perfect accordance with the balanced-development principle (i.e. so as to "level up" less developed states and "level down" more developed states), states which shared more manufacturing in 1974 should receive the least additions and those that shared least should receive the highest additions commensurate with the extent of their backwardness in this regard.

The null hypothesis consistent with the rank-difference analysis is that there is no correlation or relationship between the pair of rankings. The obtained coefficient (ρ = -0.1219) was not significant even at the .05 level and the null hypothesis had to be upheld. The implication is that since there is no significant relationship between the actual and hypothetical (rigidly expected) rankings of the 19 states on the 1975-1980 additions to manufacturing, and in spite of the much publicised balanced-development principle, the distribution of additions to manufacturing did not, on the whole, take cognizance of the level of disparities/divergence existing in 1974. The greater importance of the private sector (rather than the public) whose investment decisions generate the bulk of the additions and which is not bound by the "levelling" policy is, among other factors, probably most responsible for the obtained result.

Other patterns associated with manufacturing and NIDB financing were similarly re-examined, using rank-difference analysis: the manufacturing pattern in 1974 with NIDB cumulative financing to 1974; the manufacturing pattern in 1974 with cumulative NIDB financing pattern in 1975-80; manufacturing pattern in 1980 with NIDB financing pattern cumulated, 1964-1980; and cumulative NIDB financing pattern up to 1974 with NIDB's cumulated financing pattern for 1975-80 (Table 27).

The rank-difference analysis in respect of manufactural and NIDB financing patterns up to 1974 yielded a significant coefficient (ρ = 0.6943) and necessitated rejection of the "no relationship" hypothesis. This is consistent with the fact that the balanced development issue (from the 1970s) was not a policy of significant force prior to the early 1970s.

The similar analysis in respect of 1974 manufactural pattern and NIDB financing pattern cumulated over 1975-80 was intended to reveal whether, at a time when the balanced-development or equity principle had come into prominence and NIDB had fully subscribed to it (1975-80), the regional pattern of the bank's financing took account of the polarized pattern of manufacturing existing in the early 1970s (1974). The fact that the obtained rank-difference coefficient (ρ = 0.3491) is positive indicates that NIDB financing was related to the existing (1974) polarized pattern in its broad configurations, again a reflection of the cumulative causation process. However, the other fact that the coefficient is not significant and that the hypothesis of "no relationship" has to be upheld, yields the inference that NIDB had distributed its financing (regionally) in the 1975-80 period such that many states ranking high on manufacturing did not rank high on its funds; and conversely, states ranking low on manufacturing received proportionately high amounts of the bank's financing.

The analyses in the above respects and in respect of the other two pairs of variables analyzed via rank-difference correlation thus produced results which are consistent with the cumulative-percentage curve analyses (IV.3.1). The analyses fairly reveal the convergence-inducing dynamics of NIDB financing patterns vis-a-vis the regional pattern of manufacturing whose change (also in the direction of convergence) is slower and hardly perceptible.

V.3.3 NIDB "Favouritism" and Internal Regional Efforts

A final line of enquiry attempted to examine how, within its constraining technical criteria (of economic desirability, technical feasibility and commercial viability), NIDB could favour states ranking low on national manufacturing, and what internal efforts states make to take advantage of NIDB financing capabilities.

The examination of NIDB "favouritism" used indices of concentration mirroring three criteria: the number of NIDB-financed enterprises in a state vis-a-vis all manufacturing in the state; the total of NIDB financing in a state (cumulated over the 1964-80 period) in relation to the equity component of project costs in the state; and total NIDB financing in a state vis-a-vis the total of client-project costs in the state, all cumulated over the study period. The results of the analyses were summarized in a four-fold grouping of states (Table 31): those which are convergence-favoured, convergence-disfavoured, mixed and neutral.

Two of the five states in the convergence-favoured group (that is, having been rated favoured on at least two of the three criteria), ranked 18 (Borno) and 14 (Sokoto) on 1980 manufacturing and need the convergence-favoured rating most in that group. Of the five which are convergence-disfavoured, three (Bauchi, Benue and Gongola, respectively with 1980 rankings of 17, 15 and 15) need the convergence-rating even more. Each of the two states with "mixed" rating had at least one criterion on which it was favoured but both were not equally in need of "favouritism". Niger state which ranked 19 on 1980 manufacturing is most in need among all the states. Finally, although most of the seven states with "neutral" rating (i.e. neither favoured nor disfavoured on at least two of the three criteria) seem able to afford the neutral rating, three of them (Ogun, Ondo and Oyo, respectively with 1980 rankings of 12, 12 and 11) would need at least the "mixed" rating to improved their relative standings.

The internal effort of regional units to use NIDB financing capabilities was investigated in two ways: the simple percentages of the criteria used for examining NIDB "favouritism", and sanction withdrawal.

In the first place, for instance, to the extent that the number of NIDB client enterprises in a state expressed as a percentage of all manufacturing enterprises in the state is low, to that much extent is the state not using the financing facilities of NIDB. On this basis, states were grouped into two groups in relation to a national "average" derived from the analysis, those above and those below the average. Although such states as Bauchi, Borno, Niger and Sokoto rank low on national manufacturing, they emerge included among the 9 states in the above-average category of effort-making. On the other hand, such other low ranking states as Benue, Gongola and Ondo which emerged included in the below-average group of 10 states reflect Schatz's captial-shortage illusion thesis. Although these states rank low on 1980 manufacturing, they have not sufficiently made the needed self-organization and effort to attract NIDB financing.

On the other hand, the other method used for reflecting the extent of internal regional efforts, sanctions withdrawal, is even more compatible with the capital-shortage illusion thesis. It involved expressing the number of sanctions withdrawn in a state as a percentage of the gross number of NIDB sanctions in the state to reflect how much the opportunities which the state had was actually used. Seven states suffered no sanction withdrawal and thus had 0.0 per cent, reflecting the highest degree of internal effort and least illusions regarding capital or financing need. Thus, twelve states suffered sanction withdrawal including, again such states as Benue (33 per cent), Bauchi (22 per cent) and Ondo (17 per cent) which were among those least able to afford sanction withdrawal, and should have made enough interval efforts to use the sactions actually made to them and even attract more.

V.4 Concluding Remarks

Rather similar to the observations made in respect of the structural dimension of Nigerian manufacturing and NIDB financing, the conclusion in respect of the balanced-development policy is thus that although Nigerian manufacturing pattern still remained polarized by 1980, there has been an incipient trend in the direction of convergence. Also, since the balanced-development policy came into prominence in the early 1970s, NIDB has been making noticeable effort to constitute itself into a countervailing force (vis-a-vis the circular and cumulative causation process) in shaping the regional distribution of Nigerian manufacturing in the direction of convergence. Obviously, it would take many more years for the spatial structure to reveal a significant shift. Since NIDB is a public finance institution, its existing anti-disparity practices could be expected to continue consistently into the future, unless public policy takes a new turn. However, the process of inducing convergence could be furthered even more by the design and application of incentives aimed at luring private-sector investment to appropriate locations, especially at the project inception stage. Existing Nigerian experience in the design and implementation of incentive programmes[2] should serve a useful purpose in the refinement of details to accommodate the balanced-development objective.

Further, the analysis of NIDB "favouritism" and internal regional efforts underscores the fact that the critical actors whose number and behaviour could accelerate or retard the slowly-emerging tendency towards convergence are the individual production units or establishments in various states of the country. These enterprises need to be aware of NIDB financing services in the first place. Any measure which serves to

[2] Nigerian Investment Promotion and Information Centre, Federal Ministry of Industry, Op. Cit., (1980), pp. 238-239, for instance.

increase that awareness and stimulate appropriate response would ultimately help the convergence process. Such awareness-promotion measures could include energetic information dissemination services by the state governments and relevant chambers of commerce and industry, periodic media commentaries on NIDB's financing services and procedures, seminars aimed at eliciting the complementary role of NIDB's long-term financing services vis-a-vis the relevant services provided by other financial intermediaries, and active promotional involvement by NIDB itself.

In addition to the balanced-development issue, Nigerian manufacturing is still undergoing its fundamental growth process. The issue of promotional activity aimed at making the bank's services better known and readily accessible would therefore be very important for all parts of the country, even if the balanced-development policy did not exist. It has two related aspects: promotional activity in the sense of getting NIDB to selectively take fundamental initiatives which could accelerate the industrialization process; and relatedly, bringing even the routine services of the bank closer to both existing and prospective enterprises in various parts of the country.

In respect of strict promotional activity (see the ten categories outlined in Chapter Two, II.1.4), NIDB does not do much beyong being represented on "all the Boards of projects (enterprises) in which it participates financially".[3] As for such strict promotional activities as originating and executing investment proposals, carrying out feasibility studies for special projects or organizing general industrial surveys, NIDB does not

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[3]Comment from the specific questionnaired enquiry in this respect.

get involved. It's basic approach is to sit and wait for prospective client enterprises to come along and request its services. Its non-involvement in strict promotional activities such as the above might be due to the distinct overlap it could create with the functional responsibilities of such other public institutions as the Ministry of Economic Planning, the Federal Office of Statistics and some specialized research institutes in the country. Besides, the limited prospect of financial returns on such activities within a reasonable period of time might be a deterrent.

On the other hand, the desirability of bringing the bank's services closer to the diverse parts of the country from which interested entrepreneurs have had to make long trips to NIDB headquarters in Lagos is consistent even with the bank's sit-and-wait approach.[4] And it has made efforts in that direction since the early 1970s. This has taken the form of opening up area administrations and liaison offices in various parts of the country. By the last quarter of 1980, there were five such area administrations covering all 19 states in the country. Also, NIDB's Board of Directors had approved the establishment of 14 liaison offices, 9 of which had not been specifically named (Table 35). The area administrations are intended to enable relevant entrepreneurs or investors to use NIDB services without needing to travel to NIDB headquarters in Lagos

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[4] The sit-and-wait approach is still appropriate for describing the long list of promotional activities to be found in some NIDB publications since the fundamental processes are initiated by the client promoters: see, for example, NIDB, NIDB Bulletin, Vol. 3, No. 2, Jan.-June, 1978, p. 12.

TABLE 35: NIDB's Area Administrations and Liaison Offices, 1980.

Designation	Location (Base)	Creation Date	States Served
A. <u>AREA ADMINISTRATIONS</u>			
1. North-western area administration	Kaduna (Kaduna state)	October, 1972	Kaduna, Niger, Sokoto, and Kano states
2. South-eastern area administration	Aba (Imo state)	May, 1973	Imo, Anambra, Benue, Crossriver, and Rivers states
3. North-eastern area administration	Bauchi (Bauchi state)	September, 1980	Bauchi, Plateau, Borno and Gongola states
4. South-western area administration	Akure (Ondo state)	September, 1980	Ondo, Oyo, Bendel and Kwara states
5. Lagos area administration	Lagos (Lagos state)	August, 1980	Lagos and Ogun states
B. <u>LIAISON OFFICES</u>			
	6. Sokoto (Sokoto state)		
	7. Yola (Gongola state)		
	8. Makurdi (Benue state)	August, 1980	
	9. Benin-City (Bendel state)		
	10. Enugu (Anambra state)		
	Locations of 9 other liaison offices not yet specified.		

Source: NIDB, <u>NIDB General Policies</u> (Lagos: 1981 ?), pp. 8-11.

for appraisal of their projects. They also supervise enterprises in which NIDB finances are already invested. On the other hand, the liaison offices are more or less like information offices intended "to help existing and prospective clients link up with NIDB's Head Office and Area Administrations".[5] The apparent intention is to have at least a liaison office in each state capital where an area administration office does not exist.

It would therefore seem apparent that the bank is going all out to fulfil its assigned function of medium- and long-term financing for industrial development within the context of its policy environment. However, it would take some time to ascertain how effectively the new branches or offices could fulfil the roles for which they are established and how much the volume of business would justify the expenditure of public resources involved in each case.

Finally, as indicated at various points in this study, the study of a single sector of the economy could not provide a conclusive evaluation of the equity or balanced-development concept in Nigeria, especially as that concept relates to the allocation of public investment. This is because the production structures for which each area or state of the country has comparative advantages differ to a considerable extent. Thus, while the balanced-development policy could ultimately lead to the evolution of a closely-knit pattern of complementary regional production structures, the opportunities offered by the production structures (type of economic activities) which could attract public encouragement would therefore differ from one part of the country to the other and only a coverage of all

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[5]NIDB, NIDB General Policies, Op. Cit., (1981?), p. 9.

sectors of economic activity could yield a conclusive evaluation. Industry or manufacturing seems to have attracted more attention because of the trappings of modernity associated with it but it is nevertheless one among many other sectors of the country's economy.[6]

[6] Incidentally, this is also why the population variable which would be appropriate in an all-sector analysis, is not appropriate as a basis for viewing or judging the adequacy of public investment in single-sector studies.

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APPENDIX I: NIDB SANCTIONS AND DISBURSEMENTS, 1964 - 1978

Years	NIDB SANCTIONS (₦'000)			NIDB DISBURSEMENT (₦'000)		
	X_1 EQUITY	X_2 LOAN	X_3 TOTAL	X_4 EQUITY	X_5 LOAN	X_6 TOTAL
1964	958.0	2,417.4	3,375.4	508.0	2,257.4	2,765.4
1965	322.6	2,344.0	2,666.6	221.1	1,725.4	1,946.5
1966	110.0	617.0	727.0	71.1	380.0	451.0
1967	640.0	1,394.0	2,034.0	600.0	650.0	1,250.0
1968	140.0	1,304.0	1,444.0	100.0	1,000.5	1,100.5
1969	730.0	4,086.0	4,816.0	360.0	1,907.8	2,267.8
1970	458.0	5,914.0	6,327.0	159.6	2,033.0	2,192.6
1971	1,140.0	10,263.0	11,403.0	584.7	3,564.4	4,149.1
1972	160.0	3,928.0	4,088.0	730.0	4,860.9	5,590.9
1973	2,393.0	15,392.2	17,785.2	100.0	3,801.2	4,801.2
1974	2,242.5	17,045.0	19,287.5	1,463.8	5,897.9	7,361.7
1975	4,245.0	55,573.6	59,818.6	1,518.7	11,314.0	12,832.7
1976	5,880.0	45,503.0	51,383.0	4,275.0	27,109.9	31,384.9
1977	4,342.2	69,925.1	74,267.3	2,087.5	40,023.7	42,111.2
1978	2,749.1	32,039.7	34,788.8	5,286.9	40,565.7	45,852.6

Source: Enquiries at NIDB Headquarters in Lagos, early 1981

APPENDIX II: NIDB - ASSISTED INDUSTRIES AND NIDB NET FINANCING CUMULATED TO MATCH TOTAL MANUFACTURING DATA, 1965 - 1980

Year	1	2	3	4	5	6	7	8	9	10	11
	TOTAL MANUFACTURING			NIDB- ASSISTED INDUSTRIES AND NET FINANCING							
						PROJECT COST (₦'000)			NIDB FINANCING (₦'000)		
	No. of Establish-ments	Paid-up Capital(#'000)	Total Employment	Client Estabs(no.)	Associated Employment	Equity	Loan	Total	Equity	Loan	Total
1965	776	134,934	95,614	44	12,071	18,255.3	14,701.8	32,957.1	1,280.6	4,761.4	6,042.0
1968	625	128,464	86,728	67	15,603	22,100.5	22,131.2	44,231.7	2,170.6	8,048.4	10,219.0
1969	639	160,868	102,532	82	23,377	31,608.5	38,982.4	70,590.9	2,570.6	11,738.4	14,309.0
1970	703	191,694	127,162	100	25,624	37,939.2	46,515.2	84,454.4	2,938.6	15,114.4	18,053.0
1972	1,052	381,962	167,480	140	33,931	56,211.2	86,974.8	143,186.0	3,798.6	25,815.9	29,614.5
1973	1,008	328,782	166,820	167	39,959	87,728.6	138,456.5	226,185.1	6,073.6	39,270.6	45,344.2
1974	1,036	373,171	175,287	186	45,400	149,392.6	282,018.5	431,411.1	8,335.9	54,025.6	62,361.5
1978	1,064	648,941	300,397	301	78,448	482,181.7	1,109,587.6	593,140.3	25,552.2	254,727.0	280,279.2
1980	2,930	2,030,393	291,874	381	88,109	593,544,4	1,338,533.6	1,932,078.0	36,836.2	343,990.5	380,826.7

Sources: FOS sources cited at the bottom of Table 6A; and enquiries at NIDB Headquarters, Lagos, 1981. See bottom of Appendix V1A below.

Note: The data on this table starts from 1965 because one of the measures used for total manufacturing (paid-up capital investment) is available from that year forward. NIDB-related data has been cumulated appropriately to match the total manufactural data.

APPENDIX III:NIDB NET FINANCING (SANCTIONS): ANNUAL TOTALS, 1964 - 1980

Year	1	2	3	4	5	6	7	8
	No. of Client Establishments	Associated Employment	PROJECT COST (₦' 000)			NIDB Net	FINANCING	(₦' 000)
			Equity	Loans	Total	Equity	Loan	Total
1964	26	7,798	11,606.2	7,920.4	19,526.6	958.0	2,417.4	3,375.4
1965	18	4,273	6,649.1	6,781.4	13,430.5	322.6	2,344.0	2,666.6
1966	7	875	404.0	746.8	1,150.8	110.0	617.0	727.0
1967	9	1,483	1,885.2	3,336.4	5,221.6	640.0	1,394.0	2,034.0
1968	7	1,174	1,556.0	3,346.2	4,902.2	140.0	1,276.0	1,416.0
1969	15	7,774	9,508.0	16,851.2	26,359.2	400.0	3,690.0	4,090.0
1970	18	2,247	6,330.7	7,532.8	13,863.5	368.0	3,376.0	3,744.0
1971	29	6,759	12,766.0	31,002.5	43,768.5	700.0	7,147.5	7,847.5
1972	11	1,548	5,506.0	9,457.1	14,963.1	160.0	3,554.0	3,714.0
1973	27	6,028	31,517.4	51,481.7	82,999.1	2,275.0	13,454.7	15,729.7
1974	19	5,441	61,664.0	143,562.0	205,226.0	2,262.3	14,755.0	17,017.3
1975	38	12,997	107,143.2	250,673.2	357,816.4	4,245.0	54,473.6	58,718.6
1976	26	8,707	127,132.6	299,573.2	426,705.8	5,880.0	44,253.0	50,133.0
1977	27	6,024	48,184.4	176,046.3	224,230.7	4,342.2	69,935.1	74,277.3
1978	24	5,320	50,328.9	101,276.4	151,605.3	2,749.1	32,039.7	34,788.8
1979	30	3,793	52,587.5	111,250.1	163,837.6	4,676.8	39,181.0	43,857.8
1980	50	5,868	58,775.2	117,695.9	176,471.1	6,607.2	50,082.5	56,689.7
Total	381	88,109	593,544.4	1,338,533.6	1,932,078.0	36,836.2	343,990.5	380,826.7

Source: See bottom of Appendix V1A below.

APPENDIX IV: NIDB NET SANCTIONS BY SECTORS, 1964 - 1974

ISIC CODE	No. of Establishments	Associated Employment	PROJECT COST (₦'000)			NIDB PARTICIPATION (₦'000)		
			Equity	Loan	Total	Equity	Loan	Total
28	2	450	188.4	324	512.4	30	180	210
29	0	0	0	0	0	0	0	0
30	6	491	2,686	5,518	8,204	100	2,394	2,494
31	27	3,255	13,067.6	21,874.3	34,941.9	1,197.5	9,002	10,199.5
32	44	20,258	35,180.8	61,386.1	96,566.9	2,436	14,234	16,670
33	15	3,941	9,244	16,229.3	25,473.3	629.4	3,733	4362.4
34	5	469	972	517	1,489	10	462	472
35	30	3,738	11,718.3	24,616.8	36,335.1	640.5	6,745.7	7,386.2
36	10	2,798	53,277	116,660	169,937	1,709.5	8,594	10,303.5
37	1	365	318	522	840	43	250	293
38	34	5,149	14,215.6	19,380	33,595.6	1,090	5,423	6,513
39	12	2,486	8,524	14,990.5	23,514.5	450	3,007.4	3,457.4
TOTAL	186	43,400	149,392.6	282,018.8	431,411.4	8335.9	54,025.6	62,361.0

Note: The ISIC code numbers 28, 29, and 30 are arbitrary codes used for the few non-manufacturing enterprises financed by NIDB. The codes, appropriately sequenced for computer-processing purposes, translate thus: 28 for mining; 29 for financial; and 30 for hotel and tourism. The normal ISIC codes for manufacturing (31-39) have been translated in various tables in the text. See Table 11, for example.

Source: See bottom of Appendix VIA below.

APPENDIX V: NIDB NET SANCTIONS BY SECTORS, 1964 - 1980

ISIC Code	No. of Establishments	Associated Employment	PROJECT COST (₦'000)			NIDB PARTICIPATION (₦'000)		
			Equity	Loan	Total	Equity	Loan	Total
28	2	450	188	324	512	30	180	210
29	2	0	0	3,050	3,050	0	3,050	3,050
30	27	4,055	56,607.7	122,305.7	178,913.4	6,477.6	48,738.5	55,216.1
31	65	19,881	189,744.3	395,525.8	585,270.1	11,109.9	90,106.5	101,216.4
32	68	30,619	71,845.1	157,199.2	229,044.3	4,791	43,641.6	48,432.6
33	29	6,128	22,379.5	37,600.8	59,980.3	1,314.4	15,131	16,445.4
34	15	840	5,692.2	8,705.4	14,397.6	120	3,781	3,901
35	45	7,355	21,085.8	98,237.4	119,323.2	1,803.9	32,225.7	34,029.6
36	33	4,380	137,462.3	295,640.4	433,102.7	7,100.8	46,177.7	53,278.5
37	14	1,401	6,920	18,978.2	25,898.2	163	8,977.0	9,140.4
38	42	5,475	16,927.6	26,092.3	43,019.9	1,290.7	8,648	9,938.7
39	39	7,525	64,691.8	174,874.4	239,566.2	2,635.7	43,333.1	45,968.8
Total	381	88,109	593,544.4	1,338,533	1,932,077.4	36,836.0	343,990.4	380,826.4

Note: The ISIC code numbers 28,29, and 30 are arbitrary codes used for the few non-manufacturing enterprises financed by NIDB. The codes, appropriately sequenced for computer processing purposes, translate thus: 28 for mining; 29 for financial, and 30 for hotel and tourism. The normal ISIC codes for manufacturing (31-39) have been translated in various tables in the text. See Table 11, for example.

Source: See bottom of Appendix V1A below.

APPENDIX V1A: NIBD NET SANCTIONS BY STATES, CUMULATED FOR 1964 - 1974

States	No. of Client Establishments	Associated Employment	PROJECT COST (₦'000)			NIDB PARTICIPATION (₦'000)		
			Equity	Loan	Total	Equity	Loan	Total
1. Anambra	15	2,599	3,271.5	5,476.3	8,747.8	340	2,836	3,176
2. Bendel	12	1,704	5,906.4	15,569.2	21,475.6	468	2,504	2,972
3. Borno	2	286	1,700	3,801	5,501	0	860	860
4. Crossriver	4	2,157	35,720	65,940	101,660	1,619.6	4,880	6,499.6
5. Imo	13	2,451	4,143.2	11,833	15,976.2	160	3,452	3,612
6. Kaduna	9	3,826	10,064	17,379	27,443	200	3,850	4,050
7. Kano	3	650	420	620	1,040	48	370	418
8. Kwara	11	2,402	6,538	11,354.8	17,892.8	1,159.5	3,370	4,529.5
9. Lagos	93	22,864	5,182.2	75,095.9	80,278.1	3,380.8	19,884.9	23,265.7
10. Ogun	9	1,310	18,454	54,619.1	73,073.1	180	6,137.7	6,317.7
11. Ondo	3	1,886	7,142	12,001	19,143	250	2,117	2,367
12. Oyo	2	198	1,484.9	2,315.8	3,800.7	100	1,820	1,920
13. Plateau	3	71	306.4	595	901.4	0	347	347
14. Rivers	4	1,347	660	1,476.7	2,136.7	70	637	707
15. Sokoto	3	1,649	2,100	3,941.7	6,041.7	360	960	1,320
Total	186	45,400	149,392.6	282,018.8	431,411.4	8,335.9	54,025.6	62,361.5

Sources: NIDB Annual Reports and Accounts, NIDB Bulletins and Enquiries at NIDB Headquarters in Lagos, Nigeria.

Notes: (1) Project-cost values have been indicated here in order to indicate the cost structures of the associated client enterprises.
(2) Only states with net sanctions in the 1964 - 1974 period are shown.

APPENDIX V1B: NIDB NET SANCTIONS BT STATES, CUMULATED FOR 1964 - 1980

States	No. of Establishments	Associated Employment	PROJECT COST (₦' 000)			NIDB PARTICIPATION (₦' 000)		
			Equity	Loan	Total	Equity	Loan	Total
1. Anambra	28	3,653	17,131.3	36,632	53,763.3	1,790.0	16,831	18,621.0
2. Bauchi	8	2,589	51,769.8	117,097.4	168,867.2	1,670.7	20,218.7	21,889.4
3. Bendel	21	3,482	15,405.8	36,213.2	51,619.0	1,508.0	14,814	16,322.0
4. Benue	3	625	38,651.8	88,800.0	127,451.8	1,080.0	11,400	12,480.0
5. Borno	7	996	8,219.0	16,551.0	24,770.0	950.0	6,170	7,120.0
6. Crossriver	13	4,154	53,410.0	105,089.7	158,499.7	2,913.6	21,998	24,911.6
7. Gongola	2	7,223	66,350.0	148,050.0	214,400.0	1,648.5	6,670	8,318.5
8. Imo	29	6,371	17,167.9	32,861.2	50,029.1	810.0	17,352	18,162.0
9. Kaduna	20	5,931	29,275.4	57,641.4	86,916.8	1,862.8	16,710	18,572.8
10. Kano	8	1,146	11,681.5	20,739.5	32,421.0	48.0	10,520	10,568.0
11. Kwara	23	3,056	11,882.0	22,418.0	34,300.0	1,269.5	10,847	12,116.5
12. Lagos	138	31,614	119,592.8	246,004.4	365,597.2	9,469.3	81,851.6	91,320.9
13. Niger	5	4,801	33,768.2	84,015.0	117,783.2	2,430.0	10,955	13,385.0
14. Ogun	32	3,591	46,296.3	165,580.4	211,876.7	3,491.2	45,692.7	49,183.9
15. Ondo	5	2,135	14,935.9	25,838.0	40,773.9	1,035.7	5,504.5	6,540.2
16. Oyo	18	2,778	33,297.9	90,678.2	123,976.1	2,356.0	30,926	33,282.0
17. Plateau	4	71	332.8	686.7	1,019.5	0.0	427	427.0
18. Rivers	8	1,743	8,687.0	17,724.7	26,411.7	631.0	5,459	6.090.0
19. Sokoto	9	2,150	15,689.0	25,912.9	41,601.9	1,872.0	9,644	11,516.0
Total	381	88,109	593,544.4	1,338,533.0	1,932,077.4	36,836.3	343,990.5	380.826.8

Source: Same as for Appendix V1A. Note: (1) Of course, this table includes the values shown in Appendix V1A. (2) Project-cost values have been shown here in order to indicate the cost structures of the associated client enterprises.

APPENDIX V1C: NET SANCTIONS BY STATES, 1975 - 80 (CUMULATED)

States Code	No. of Establishments	Associated Employment	PROJECT COST (₦' 000)			NIDB PARTICIPATION (₦ ' 000)		
			Equity	Loan	Total	Equity	Loan	Total
01	13	1,054	13,859.8	31,155.7	45,015.5	1,450.0	14,025.0	15,475.0
02	8	2,589	51,769.8	117,097.4	168,867.2	1,670.7	20,218.7	21,889.4
03	9	1,778	9,499.4	20,644.0	30,143.4	1,040.0	12,310.0	13,350.0
04	3	625	6,251.8	88,800.0	19,451.8	1,080.0	11,400.0	12,480.0
05	5	710	6,519	12,750.0	19,269.0	950.0	5,310.0	11,570.0
06	9	1,997	17,690	39,149.7	9,839.7	1,294.0	17,118.0	18,412.0
07	2	7,223	66,350.0	148,050.0	214,400.0	1,648.5	6,670.0	8,318.5
08	16	3,920	13,024.7	21,028.2	34,052.9	650.0	13,900.0	14,550.5
09	11	2,105	19,211.4	40,262.4	59,473.8	1,662.8	12,860.0	14,522.8
10	5	496	11,261.5	20,119.5	31,381.0	0.0	10,150.0	10,150.0
11	12	654	5,344.0	11,063.2	16,407.2	110.0	7,477.0	7,586.6
12	45	8,750	68,110.6	170,908.5	236,019.1	6,088.5	61,966.7	68,055.2
13	5	4,801	33,768.2	84,015.0	117,783.2	2,430.0	8,955.0	11,385.0
14	23	2,281	27,842.3	110,961.3	138,803.6	39,876.5	39,555.0	42,866.2
15	2	249	7,793.9	13,837.0	21,630.9	785.7	3,387.5	4,173.2
16	16	2,580	31,813.0	88,362.4	120,175.4	2,256.0	29,106.0	31,362.0
17	1	0	26.4	91.7	118.1	0.0	80.0	80.0
18	4	396	8,027.0	16,248.0	24,275.0	561.0	4,822.0	5,383.0
19	6	501	13,589.0	21,971.2	35,560.2	1,512.0	8,684.0	10,196.0
Total	195	42,709	444,151.8	1,056,515.2	1,500,667.0	28,500.4	289,964.9	1,223,393.7

Source: Same as for Appendix V1A.