

# The Impact Of National Transportation Policy On The Nigerian Railway Corporation From 1960 To The 1990s

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## Abstract

This study examines the impact of Nigerian transport policy on the Nigerian Railway Corporation (NRC). Developing an efficient, flexible, and dynamic transportation system is vital for meaningful socio-economic development and binding together the various parts of society. It also provides instruments for enhancing human interaction, blending culture and traditions, and integrating socio-political entities in a socio-political context. The study covered the period from independence in 1960 to the 1990s and argued that aside from corruption, and inadequate funding, among others, government policy favouring other modes of transport have attributed to the NRC's collapse. Data from primary and secondary sources were used in the study, employing the qualitative approach to historical analysis. National Development Plans, 1962-1992, clearly revealed that the railway got a bantam allocation compared to funds spent on other transportation modes. The impact of this lopsided allocation of resources against the railway led to its marginal contribution to the transport sector in Nigeria. The railway in the country during the period covered by this study was in shambles providing less than 30 percent of its expected capacity. The impact of the collapse was conspicuous in the poor state of railway facilities, poor staff remuneration and welfare, and the fall in revenue for the government. It is the study's goal to provoke change in the government's policy in the transport sector.

**Keywords:** Transportation, Policy, Nigeria, Railway, Corporation, Impact,

## Introduction

The rational development and optimal use and operation of a transport system require deliberate policy directions to guide actions in the transport sector. This is the essence of establishing a National Transport Policy (NTP).<sup>1</sup> A policy is the official authority tool for deliberate rational and practical action. For an NTP to emerge, the following significant steps have to be taken: the policy's objectives must be established, possibly in measurable terms, and the primary strategies for achieving the goals must be determined.<sup>2</sup> Again, the details of the short-term and long-term

programmes of the work to be implemented to achieve the desired policies must be clearly articulated. Duly accredited representatives must be allowed to consider the draft policy and approve it with necessary amendments, modifications, or additions. The approved policy document must be enacted into law through the appropriate organ of Government, thus making the policy enforceable by the responsible authority.<sup>3</sup>

The objectives stated above must have the proper political and administrative backing to allocate commensurate resources for the

approved schemes, services, and human resources. There must also be an established and effective institutional framework and machinery for implementing, monitoring, and controlling future development plans, which will lead to efficient intermodal resource allocation, qualitative management, operation, and coordination in the transport sector.<sup>4</sup> In addition, establish an efficient data bank for planning and policy decisions by building a solid foundation for subsequent policy planning efforts in infrastructural and service development. Finally, designing and developing appropriate transport management schemes and instruments to support the policy framework and direction.<sup>5</sup>

When governmental programmes increase costs faster than governmental revenues, they soon lose consistency. This is what has happened to the railway system in Nigeria. NRC has been affected by both rising costs and declining revenues. The Federal Government (FG) has shown readiness to spend more than it collects in revenues so that funding reductions in real terms are likely to continue. For example, the budget deficit witnessed since the 1960s worsened in 1990 with a whopping deficit of N19.6 billion during the first half of the year. Indeed, the NRC has continually been bedeviled by a financial quagmire as evidenced by substantial budget deficits, huge debts, and the inability to fulfill its financial obligations to its workers. This situation is not made better by the problem of management and operational inefficiency.

Therefore, this paper's objective includes examining the Government's policy regarding the transportation system in Nigeria and its impact on the NRC. The aim is to examine the objectives of railway policies and their realization. An assessment of the management, financial, and operational challenges over the years will form part of the discussion in the paper. The study will argue that the failure to implement the objectives of railway policy has led to the collapse of the system. The general transport policy in the country will be discussed, followed by the railway policy. This will be followed by the impact of the transport policy on the railway and recommendations. The last part of the paper will form the conclusion.

### **The Transportation System Policy in Nigeria**

Transport plays a crucial role in any nation's economic and social development. A 'well-functioning and integrated transport system, amongst other things: stimulates national growth and enhances the quality of life for all; allows markets to operate by enabling the seamless movement of goods and people; provides vital links between spatially separated facilities and enables social contact and interaction; provides access to employment, health, education and, services; alleviates regional inequality and fosters national integration; increases access to markets and links local, regional, national and international markets; and promotes economic development by increasing access to labour and physical resources thus facilitating the realization of a country's, comparative advantages. The different transport modes: road, rail, maritime, air, and waterways have specific features and benefits.<sup>7</sup> The overall efficiency and effectiveness of the transport system depend on the development of these modes and their integration.

The transport system of Nigeria has developed over a long period. The primary modern transport network originated during colonial times, with the railway mode as the first. The western line based in Lagos was started in 1898; the eastern line from Port Harcourt via Enugu to Kaduna shortly followed. Initially, the roads were built as "feeder lines" to the railway, but later, a road grid was commenced.<sup>8</sup> Before the geopolitical emergence of Nigeria in 1914, the demand and supply of transport was purely a function of the then subsistent economy. Hence, the prevailing transport system was at best rudimentary. Generally, beast of burden was used in the northern region, while human porters and paddled canoes were used in the forested south. Complementing these were the canoes in the creeks and rivers of the riverine areas.

Consequently, the overall magnitude of movement was limited due to the low level of trading activity and the slow means of transport.<sup>9</sup> The colonial period marked the origin of the modern transport system. The rail, water, and

road networks were geared essentially to meet the exportation of cash crops, such as groundnuts, cocoa, cotton, and palm products, and import cheap, mass-produced consumer goods.<sup>10</sup> These early transport systems were planned in the most economical way possible, as typified in sub-standard road and rail alignments and a sub-base, which later proved inadequate to accommodate heavy vehicles. Possibly, such a system was adequate to serve the needs of an underdeveloped agricultural country. However, it had to be expensively reconstructed and expanded later.<sup>11</sup>

In November 1906, at the request of the Under Secretary of State for the Colonies, a report was prepared on transport policy in Nigeria.<sup>12</sup> The first and most significant factor determining the general transport policy for Nigeria is a tremendous natural transport route. The Niger River, with its main branch, the Benue, divides the country into three sections: the South West, the South East, and the North West. The Southwestern portion provided the backbone of a railway system. A 22-mile tramway was constructed in northern Nigeria, connecting the nearest navigable point on the Niger waterway with the capital Zungeru.<sup>13</sup> Road construction in several parts of Nigeria, both South and North, had begun. The significant challenge for the policy on road construction in Nigeria was the widespread presence of tsetse fly.<sup>14</sup> Throughout Southern areas and the Southern Nigeria provinces, animal or wheeled transport was economically impossible due to the prevalence of the tsetse fly. The country promising well for animal transport was Northern Nigeria.<sup>15</sup> The report stated the practicability of motor transport in the country, but it emphasized the many climatic difficulties associated with the tropics. The report gravely doubted the chances of success of the motor transport on any functional scale. It recommended that where animal transport was not practicable, bushes should be cleared for ordinary trade. Where necessary, build very cheap tram lines based on railways or navigable waterways.<sup>16</sup>

The attainment of independence in 1960 created a re-orientation of goals; transport became one of the instruments of unification of the country and an essential tool for social and

economic development. The management of the system passed into the hands of Nigerians, whose efforts led to its development and strengthening. Some sub-sectors, notably the road transport operations, provided Nigerian entrepreneurs who successfully took the challenge. In addition, the development of petroleum resources from the 1950s had a significant impact on the nation's social and economic growth, putting increasing demands on the transport system. As a result, Lagos acquired an unenviable position as the most congested port globally. In Nigeria, road goods and passenger movements are performed mainly by road, with the railway and inland waterways playing significant but less important roles.<sup>17</sup> International freight movement is principally by the sea, while air transportation is the leading passenger carrier.

The Federal Government of Nigeria (FGN) has given prominence to transport infrastructure and services. This recognizes the vital role that an effective and efficient development could play in the country's overall development. An explicit national transport objective was first stated in the First National Development Plan, 1962-68, but was more explicitly expressed in a Federal Government White Paper of 1965 on the Stanford Research Institute's Study on Transport Co-ordination in Nigeria.<sup>18</sup> The White Paper emphasized "economic efficiency" and "coordinated development" as the overruling goals.<sup>19</sup> In general, Government policy was that the country's transport needs should be met with the minimum expenditure of economic resources. Hence, the tremendous demand for the country's limited resources does not permit excessive development in transport, whether in duplicating facilities or excess capacity.<sup>20</sup>

Moreover, in making investments in transport, Nigeria had considered alternative uses of resources in transportation and non-transport activities such as education, health, and defence; various forms of transportation, and internal communications relative to overland connections with nearby republics. The white paper further stated that Nigeria must also ensure that transport services are fast, dependable, up-to-date, and economical. The Second National Development

Plan, 1970-74, reflected the post-civil war reconciliatory mood by adding the socio-political objective of “binding the component regions in the country together.” Perhaps the most coherent national transport objective before the 1993 reviewed National Transport Policy (NTP) were those articulated in the Third National Development Plan, 1975-80, which stated that:

The transport system has to support agriculture, commerce, and industry, with efficient movement of people and goods throughout the country. As a matter of public policy, the Government supports the continued development of efficient, dynamic, and flexible transport services as vital to economic growth, expanding productivity, and the general progress of the nation. The Government’s basic policy in this field is to develop and assure the continued and expanding the availability of fast economic transport services needed in a growing and changing economy.<sup>21</sup>

The transport policy statement in the Fourth National Development Plan, 1981-85, noted and confirmed that:

Transport is a service sector. Therefore, transportation needs drive essentially by activities in other sectors of the economy such as industry and commerce, agriculture, administration and security, and other socio-economic activities within the system. It further added rationalization and fair, competitive services between rail, road, air, and water transport services. Consolidating and maintaining facilities already created in the previous plan periods; achieving higher levels of coordination within the transport sector and rationalization between that sector and all other sectors of the economy; and expanding indigenous capacity to implement approved programmes.<sup>22</sup>

Further, the introduction to the National Transport Policy document of 1993<sup>23</sup> states that:

The Nigerian transport system functions in a crisis situation”, and one of the principal causes it identified was the imbalance between resources allocations to modes, the inadequacy of existing infrastructural facilities, and the misalignment between the objectives of the

transport parastatals, operators, and the material and organizational resources for them. Other transportation challenges include poor accessibility, high transport costs, urban traffic congestion, accidents, and environmental pollution.<sup>24</sup>

It further emphasized that because transport is the engine of the growth of the nation’s economy, the policy’s objective is to remove any obstacle that can retard the growth. The country’s transport system is a product of enormous effort and sacrifices made by the Government since independence. Despite privatization and commercialization, the Government has continued to invest highly in transport, although with various bodies that utilize and operate the transport system.<sup>25</sup> The objective was to build on the existing system and efficiently move people and goods from one part of the country.<sup>26</sup> The 1993 transport policy acknowledges the complexities in the Nigerian transport system and provides a consistent general approach and guide for solving these problems. Therefore, the policy guides addressed Adequacy, Efficiency, Safety, Reliability, and Self-reliance in the transport system.

The summary of the main thrust of the government policy during 1993 reviewed NTP sought to

- i. establish a Federal Urban Transport Board, responsible for solving any urban movement problems. The Government aimed to integrate all urban transport systems, buses, rail, water, etc., and adequate interchange points to take care of the integration.
- ii. Facilitate intermodal coordination through appropriate measures such that each mode performs the function for which it is best suited. Remove all legal restrictions that can hinder intermodal coordination.
- iii. Create an Interministerial Transport Advisory Council that will advise the Government on transport issues of the country; and create the Transport Development Bank and the Transport Development Fund that

- will provide the means of financing transport.
- iv. Improve training institutes of parastatals and the private sector through assistance with curriculum development, facilities, etc., and then monitor their standards. Provide adequate facilities for existing transport institutions and create more centres for transport studies to develop specialties where future teachers and managers can be drawn.
  - v. Policy thrust on energy and transport aims at eliminating existing bottlenecks leading to periodic fuel shortages by embarking on a programme of energy sufficiency. Adopt a holistic approach to the planning and design of cities and roads, and adopt energy conservation policy. Improve rail services, rehabilitate and maintain infrastructure and equipment and improve the urban transportation system.
  - vi. Compared with the road, there are comparatively few accidents by rail. Most accidents were caused at railroad crossings. Strengthen the Manpower Development Unit to train and retrain railway staff and monitor rail safety. Adopt preventive maintenance to ward off accidents and pay greater attention to rail staff while on duty.
  - vii. The Government aims to close the gap between the urgent demands of the system's operations, maintenance, and expansion and the resources assigned to meet this demand. Improve the system's economic efficiency, which requires assigning cost responsibilities to the users and meeting the imposed social obligations by well-designed specific contributions. Government policy on financing transport supports commercialization and privatization of some transport parastatals and other measures to ensure adequate funding for the transport sector. The Government aims to ensure that transport parastatals are given the necessary autonomy that will allow them to borrow from the capital market.
  - viii. Introducing and enforcing user charges like fuel tax, toll charge, etc., and money collected to be earmarked for transport development. Create a Transport Development Bank for the benefit of parastatals and the public transport operators. Creating a Transport Development Fund to which all parastatals will contribute through user charges or other taxes. Ensure that allocation to the transport sector is not less than 15% of the total budgetary allocation.
  - ix. The Government's research agenda ensured the collection and storage of Transport Data and made available specific funding sources so that research does not suffer from underfunding.
- The Federal Ministry of Transport (FMoT) is responsible for transport policy and the ports, railways, and national waterways. In addition, the state governments have their Departments/Ministries of Works and Transport and some parastatals responsible for transport infrastructure and services at the state level. The local governments take care of rural roads and rural transportation.<sup>27</sup> Like many other sectors, the Federal Government's presence is dominant in the transportation field because of its enormous professional and financial resources. The Government's investment in the country's transport system is substantial. In response to the importance and strategic significance of the sector, it was allocated the largest share of all sectors in the first three National Development Plans (NDP). These were approximately 19 percent, 23 percent, and 22 percent in the 1st, 2<sup>nd</sup>, and 3<sup>rd</sup> NDPs, respectively, as shown in the table below.<sup>28</sup>
- The percentage decline to 15% in the fourth plan was not a consequence of less emphasis on the transport sector. Instead, it reflected the

maturity of this sector and a minor shift from the massive creation of new infrastructure to sustaining the existing facilities. The replacement value of the road network at the end of the 1990s was estimated at between ₦3.5 – ₦4.3 billion. Although road investment dominated transport expenditures of the Nigerian Government, other transport modes also benefitted from sizeable investments. According to the authority's balance sheet, the fixed assets of the Nigerian Ports Authority amounted to N36 billion in 1999, but

this represents an addition of unadjusted historical data, thus underestimating the replacement value, which could be much higher. Investments in the Nigeria Railway Corporation were more diminutive, approximately N9.5 – N10 billion,<sup>29</sup> using historical figures, than investments in roads and ports. However, they still represented a critical strain on the national budget.<sup>30</sup>

**Table 1** National Development Plan: Transport Sector Allocations 1962 – 1985.

	1962 – 68	1970 – 74	1975 – 80	1981 - 85
Allocation (₦M)	309,092	559,840	9,677.541	10,706.616
% of Total Public Sector Investment	19%	25%	22%	15%
% Allocation to Roads	58%	67%	72%	60%
% Allocation to Railways	10%	9%	11%	25%
% Allocation to Water	25%	13%	9%	9%
% Allocation to Air	7%	11%	8%	6%

Note. Adapted from the National Development Plans, 1981 – 85.

The intermodal share of the transport sector allocation shows that the road sub-sector had consumed most of the funds allocated to the sector. The two fundamental issues on this investment pattern are how the investment priorities helped realize the stated objectives. The intermodal split of the investment promotes a balanced and coordinated development of these transport modes. This lopsided allocation of resources in the sector is one of the main issues affecting the equal development of transportation in the country. However, it was evident that independence's investment patterns indicated the Government's perceived preference and priorities.

All the transport sub-sectors suffer from shortages of resources, and this inadequacy has consistently been reflected in inadequate maintenance. In the road transport sub-sector, the lack of road maintenance often necessitates subsequent reconstruction. The bad replacement and the poor maintenance of vehicles contribute to high social costs of atmospheric pollution and high operating costs. The lack of necessary resources to keep tracks, rolling stocks, and maintenance facilities in reasonable working conditions severely deteriorated the railway

system.<sup>31</sup> Similar problems affect the inland waterways, resulting in their inability to perform useful functions.<sup>32</sup> The long-term shortages are growing, becoming seemingly insoluble. These problems created despondency, decreased morale, and exacerbated management/employee tension for transport operators. Feeling hopelessness and low confidence cause further deterioration and growing concerns about the system, creating a vicious circle. Breaking this circle has been the overriding objective of the successive country's NTP.

### **The Railway Transportation Policy in Nigeria**

The South West developed a railway system based on the Port of Lagos on the railway transport policy. A 3ft. 6inch gauge of a reasonably high construction standard was constructed to Ibadan, 135 miles, at the cost of £7,800 per mile, which was later extended to Ilorin and approved to Jebba on the Niger.<sup>33</sup> The financial resources of the country permitted such development at local expense. The line was extended from Ilorin through Jebba to Zungeru where it will tap a mainline leading on to Minna, Kaduna, Zaria, and Kano.<sup>34</sup> Economic and political considerations determined the

development of the lines into the hinterland. Considering the distance from Zungeru to Lagos, 400 miles, and if cotton could be carried at three pence per ton per mile, it could be landed at the Lagos at about £5 a ton. This rate was considered unremunerative by the railway authorities. Alternatively, a railway constructed from Zungeru to the Niger at Baro would undoubtedly carry cotton to the sea at Forcados at £2 a ton or equal to a rate of about a penny a ton a mile on the Lagos Railway.

It would appear that the policy thrust of the Colonial Government was to build lines through the so-called "productive" areas rather than the general development of the entire country.<sup>35</sup> In the South Eastern region, it was suggested, like in the South West, a railway policy aimed at local development and not reaching points in the far interior, much more economically affected by a line based on the Niger or the Benue.<sup>36</sup> For Northern Nigeria, the policy considered the construction from Baro by way of the prosperous areas along the Kaduna River, a great agricultural country.<sup>37</sup> Moreover, the probable staple exports of Northern Nigeria will not bear heavy rates. Everything points to the necessity of securing as short a line as possible between Baro and Zaria, the first of the great producing centres.<sup>38</sup> Considering the region's existing administrative, agricultural, and mineral development, the Niger bridge became the best initial option considered by the colonial administration. The construction economy is secured by a low standard in structures built without sacrificing hauling capacity. The whole system joined together, was suggested, would come under one control and management.<sup>39</sup>

Being the oldest modern mode of transportation in the country, the Nigerian Railway network had roughly 3,500km of narrow gauge lines.<sup>40</sup> The network has been extended by a narrow-gauge line between Onne and the Enugu-Port Harcourt line and a 320km standard gauge line from Ajaokuta to Warri. The Nigerian Railway system has provided efficient and cost-effective transport, particularly on long-distance routes serving high-density traffic flows. The railways are also well suited for the movement of large numbers of inter-city passengers and high

volumes of containerized cargo or bulk freight such as oil, coal, steel, or agricultural produce.<sup>41</sup>

The NTP objectives for the railway are to meet the growing needs of the national economy and act as a catalyst for development by expanding its capital investments and job markets and providing efficient and affordable mass transportation necessary to support socio-economic goals and development. Additionally, it aims to create an enabling reform environment with less government investment; thus, delivering effective and efficient services through a competitive, deregulated, private sector-led rail organization.<sup>42</sup> The key focus of the rail transport policy is geared towards meeting the dynamic requirements of different categories of customers of different income levels, freight movement for industrial, commercial, and rural users, and specialized demands such as emergency and military services.

Other objectives included the attainment of an intermodal transport system with the railway taking a central position. This is to create complementarity between various transport modes, improve access to various markets, and meet the requirements of different customer groups. It is also the objective of the railway policy to provide safe, reliable, and quality freight and passenger services. Unfortunately, this objective can only be achieved through continuous investment in improving service delivery technology and safety. Due to the meager and unplanned capital investment, the Government aimed to create a framework for attracting sustainable investment growth in the rail sector. However, instead of relying solely on the Government, as has been the case, private sector investors and management were to take a central position in moving the railway sector forward.<sup>43</sup>

The NRC has deteriorated and is plagued with endemic deficits, decreasing capacity, and worsening traffic. The Government in the 1993 revised NTP is poised to correct this trend to ensure the contribution of this model to the country's economic growth. Government endorses the various recommendations of the revitalization studies on the problems of this

transport sub-sector. It sees the potential of the railway as the key to improving the overall performance of the transport sector.<sup>44</sup>The Government saw the problems of the railway transport system in Nigeria and endorsed the continuation of its present policy on revitalization and expansion through the better use of existing assets. The rehabilitation, immediate and regular additions to such assets according to needs. Secondly, a commercial approach to managing resources and providing services, focusing on areas where the railways have commercial advantages; concentration on bulk and heavy goods movement like containers; partial commercialization, which also enforces Government the need to pay for services rendered. Furthermore, thirdly, aggressively pursue the rail links, including East-West lines, to form an integrated rail network system.<sup>45</sup>

The changes in the government transport policy from an essentially government-dependent transport system to a partially self-sustaining and revenue-generating one implied a difference in the institutional framework for managing the system. Under the commercialization and privatization policy of transport parastatals, the Government's primary task assumed a new dimension to supervision, monitoring, policy formulation, coordination, liaison, regulation, organization, and partial funding.<sup>46</sup> This new role of Government calls for an institutional framework geared toward meeting the adequacy and efficiency goals of the policy. The strategies adopted were that the Ministry of Transport assumed the direction and positioning functions while operations and policy execution were assigned to parastatals and specialized agencies.<sup>47</sup> This implied the replacement of mode-based departments with function-based departments. That the existing mix of policy and operating functions be maintained but with adjustment to the department responsibilities.<sup>48</sup>

The Government has carried out a detailed analysis of the best means of transferring responsibility for the management and operations of the existing railway system to the private sector. Vertically integrated concessions have been identified as the first phase of Public-Private Partnership (PPP) in the railway sector.<sup>49</sup> With a

substantial commitment to rehabilitate the railway, the Government hoped to arouse confidence in the private sector in the Government's resolve to re-establish the railway as a critical component in Nigeria's transport system.

### **Impact of National Transport Policy on the NRC**

Due to its inflexibility, the NRC declined due to road transport competition has eroded the railway traffic base. In addition, traffic volumes have been declining due to the declining quality of railway assets and train services. The deterioration of the system has increased to such an extent that the railways during the period of this study were barely operational, despite several rehabilitation attempts. The situation is worsened by management weaknesses and the institutional arrangements in the railway system.<sup>50</sup> Therefore, the railways severely drain government resources while failing to provide a valuable economic function. Despite the laudable initiatives by the Government for the general revamping of the transport sector and the railways, in particular, stakeholders in the railway are liable for its decay and non-performance.

Government corporations, the railway, in this case, operate under conditions of commercial indiscipline, lack managerial freedom, and are hardly accountable for their performances. The data is woefully inadequate, and the operating situation is horrible. For example, the staff have not been paid regularly; records are nine to twelve months in arrears. Less than 15% of the locomotive fleet is operable. Freight customers have to stand in line and beg to be served. New 2,500 hp engines, costing \$2,500,000, stand idle because the NRC cannot find \$900 to purchase a particular grade of lubricating oil.<sup>51</sup> Crisis meetings, long debates, and a total lack of confidence on all sides have crippled the ability of the railway to respond to customer needs. The railway must be managed as a business, not a government department. In short, the market is there, the physical plant is there, but the management – and more importantly, the legal and institutional framework which would permit competent managers to do their job – is not. It is important to note that the various requirements

for managerial autonomy should be considered, including more significant market and operation discipline, sound financial objectives, clear social objectives, appropriate capital structure, and greater discipline in financial relations.<sup>52</sup>

The Government's failure to implement the various recommendations of the revitalization studies on the problems of this transport sub-sector has dramatically hampered the railway's growth. Of particular interest to this study is that recommendations on transportation policy were not thoroughly carried out. Road transport continued to receive considerable traffic from the railways, which was a real problem despite the railway's rates being cheaper than roads.<sup>53</sup> The indirect subsidization of the road carriers has been a factor in the success of road transport because the cost to the state of the road network was higher than road transporters' contribution to the state finances in the form of import duties on vehicles, taxes on petroleum products, and road licenses.<sup>54</sup> Aside from the Government's indirect subsidy to road transport and pressure from the marketing boards to favour road transport, other factors included the remarkable improvement in the condition of highways from 1956 to 1967. Over 17 percent of public sector capital expenditure undertaken was on road development from 1956 to 1959, compared with the 12 percent for the railways.<sup>55</sup> During the First National Development Plan (NDP), capital spending on roads and bridges by the FG was £23 million, while the railways received £17 million. Road transport was supposed to perform a complementary role, serving areas not accessible by the railway.

Until railway transport is improved in Nigeria by injecting modern, fast-speed locomotives, road transport with its advantage of flexible, fast, and more convenient capabilities will continue to pose a severe challenge to the railways. The failure to establish the Transport Development and the Transport Development Fund as enshrined in the 1993 NTP, was a major setback in the development of rail transport in Nigeria.

Deserving emphasis on railway policy according to Hansen,<sup>56</sup> the government should aim at fully utilizing railway capacity since

excess capacity meant that incremental transport costs were the lowest for the railways. Unfortunately, the policies in Nigeria are usually not fully accomplished. On the other hand, some railway rate adjustments were carried out based on Stanford Institute's recommendation that some adjustments were necessary to make rates competitive with road transport. Additionally, taxes on petrol and diesel were raised and license fees for lorries.<sup>57</sup> This move gave the railway an advantage over cost and consequently raised patronage from existing and potential customers. Adversely, the Government did not execute the Stanford team's recommendations concerning the exclusive use of the railways by the marketing boards or restrictive route licensing of road transporters. An increasing amount of groundnuts were transported from northern Nigeria to the southern ports by road, thereby denying the railway of the needed freight. Further, the Stanford team estimated that the railway was operating at least twenty percent under capacity. The capacity of the Corporation was further challenged by the increase in accidents and wagon turnaround time, and there were long delays in repairing wagons and locomotives.<sup>58</sup> There was corruption on a large scale, excessive rapid turnover among senior staff, a decline in senior staff, and the demoralizing promotion practice on an ethnic basis.<sup>59</sup> The problems, no doubt, contributed to the decline in service efficiency.

The expected changes in the government transport policy from an essentially government-dependent transport system to a partially self-sustaining and revenue-generating one are not actualized. The FGN has proposed a radical restructuring of the railway system, which would remove it from operational control of the Federal Ministry of Transport (FMoT).<sup>60</sup> Moreover, despite promising a reasonable level of financial support for the system's rehabilitation, the railway remained incapacitated. The FGN was expected to provide direct operating subsidies for two types of services required for social policy reasons. The first is continuing services that might otherwise be withdrawn, such as stopping train services. The other is where the authorities may wish to fix fares below cost for specific services. The proposal to decentralize railway

operations has not been realized. The strategies adopted were that the Ministry of Transport assume a supervisory function while operations and policy execution were assigned to parastatals and specialized agencies. Paragraph 18 (a) of the NRC Act determined the limit to fares and rates charged by the Corporation, fixed by the Minister of Transportation. The provision limited the powers of the Corporation to raise tariffs only by 10 percent, which over the years has been out of tune with the prevailing economic realities. The NRC is expected to raise enough funds to meet the cost of spare parts importation and sundry services with a restrictive tariff regime. Despite prohibiting the NRC by Section 15 of the 1955 Act for operating unremunerative services and routes, both the Government and the Corporation have been unable to close down such services, lines, and stations.

The NRC should have clear or realistic strategic objectives, which should be operational and financial and take account of the financial and human resources likely to be available. Whereas the Government should prescribe the objectives, the manager, who should be accountable for his operations but free from political interference, should achieve the goals. Excessive political interference in the operational matters of public enterprises such as NRC can be reduced by clearly demarcating the roles and responsibilities of the Government, the board, and the management of the Corporation.

The administrative structure of the NRC is unable to monitor, direct, or control its policies and operations. While several dedicated and knowledgeable individuals are working for the NRC, foreign control from 1978 to 1982 appears to have disrupted the standard skill transfers, and civil service personnel policies have contributed to a further loss of skills. The proposed restructuring to withdraw railroad personnel from the civil service and compensate them commercially is an unactualized dream as the staff is still under the government payroll. There is also the absence of a railway policy on training and development, resulting in inadequate attention to staff training. Apart from personnel records being in shambles, staff performance and productivity are low. For example, at the peak of

its services in 1965, the NRC had a staff strength of 30,267, with which it carried 10.6 million passengers and 2.8 million tonnes of freight.<sup>61</sup> However, in 1987, it carried only 7.5 million passengers and 0.3 million tonnes of freight, but still with a staff strength of 32,667. The NRC must devise new ways to effectively manage its human resources. It must be granted full autonomy in formulating a policy on training and development. The human resources division can take full responsibility for planning, coordinating, and implementing training programmes for the Corporation. In addition, a comprehensive or system approach to technologically self-reliant rail workforce development should be adopted.

The partial commercialization of NRC was considered in the 1993 draft policy, but this has not been accomplished. The Nigerian Government wholly owns and finances the NRC, using internal and external loans. Assumably, the reluctance from investors may stem from unfavourable concession arrangements. Additionally, investors could be easily dissuaded because of the dire state of the railway which would require massive funds to revamp. Reforms should include a detailed specification of policies, establishing new laws and legislation, and revising administrative arrangements—introducing the new policies possibly over a prolonged transformation period.<sup>62</sup>

The importance of a coordinated transportation policy for the entire country must be emphasized. There is a lack of coordination on transportation in Nigeria between federal, state, and local agencies. Each tier of Government makes its separate policies; worse still; different agencies pursue different policies at the federal level. The Elias Commission report recommended the establishment of a central transportation coordinating agency, which blamed FG for the failure to arrive at a means of coordinating transportation policies. The FG stated the postponement for transport coordination was to allow the Stanford team to conclude its report. The Stanford team recommended the establishment of a Transport Policy Committee in 1961, but for some inexplicable reasons, the recommendation was never considered by the FG. Both recommendations were not implemented as

pledged by the Government.<sup>63</sup>The promise to create an Interministerial Transport Advisory Board by the FG is yet to be realized. The malaise of dumping viable commissions' recommendations of inquiry on the FG side led to some of the challenges witnessed in the NRC. In the absence of efficient policy-making at a national level, the challenges outlined would never be solved. Unlike the one that depends on restrictions, a planning system that leaves a reasonably broad scope for market adjustments permits the partial correction of a mistake in planning.<sup>64</sup>Railway management should be overhauled and made more efficient.

### Conclusion

The social and economic needs of a country determine the role of the transport system and indicate the problems to which the transport policy should respond. Nigeria has a complex transport system; the transport sector's infrastructure and services grow much slower than the social and economic sector growth. In recognizing these complexities, the transport policy provides a general approach and guide for

solutions to the problems. Despite the myriad challenges confronting the NRC, it is essential to state here that unless certain key policy and institutional issues are squarely addressed, fixing the Corporation will elude Nigeria for a long time to come. This is not to downplay the impact corruption, managerial inefficiency, poor staff remuneration, welfare, etc., have caused the organization. To achieve the objectives of the railway policy, the Government needs to adhere to the recommendations of several committees on the privatization of the Corporation. There is a need to amend the status of the Corporation, giving the management the needed powers to determine rates. Appointments to the executive level of the Corporation should be based on merit jettisoning the practice of employing persons on political or ethnic grounds. The lack of a specific policy statement on how the railway should develop and the role to be performed within the economy constituted a severe problem for the transportation system in Nigeria. The allocation of funds to the transport system that favoured the highways has left other modes in precarious conditions.

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