

Exploring the Progress of Industrialization in Nigeria, 1960-2014: An Analysis in Trends, Challenges and Prospects.

Celestine Okwudili ODO and James Nda JACOB

Department of Political Science and International Relations. University of Abuja. NIGERIA.

Abstract

This article reviews the industrialization dynamics in Nigeria, from 1960 to 2014. It describes the different industrialization models with their associated policy priorities, while examining the policy choices and the implementation processes since the 60s. From the literature reviewed, it is observed the adaptation and application of multidimensional policy frameworks that were haphazardly implemented and characterized with intermittent disruptions due to change in government or external factors. It is therefore concluded in this paper, that despite the huge investment and incentives, Nigeria failed to attain industrialization largely due to some inherent systemic gaps, that included lacking consistently, coherency, coordination and institutional weakness in policy formulation and implementation.

Keywords: Incentives Regime, Industrialization, Industrial Policy and Institutions

1. Introduction

In Nigeria, efforts toward industrialization date back to the pre-independence period. However, since the 60s, after Nigeria gained independence from the British Colonial Government, (BCG) the country has vigorously pursued industrialization through different industrial policies, that were highly incentivized. Industrialization is attributable to the building of industries, with specific targets at manufacturing. This is in line with the understanding by Obioma and Ozughalu 2005, as the introduction and expansion of industries in a particular place, region, or country¹. This requires well-crafted industrial policies that are tailored towards a country's development objective with clear milestones and driven with disciplined implementation strategy. It means that deliberate efforts should be in place for industrialization to meaningfully occur, thus able to introduce the requisite changes that are targeted at economic growth. Kirkpatrick et al, 1984 captured this succinctly, seeing industrialization as involving number of changes in economic structure of a country such as rise in the relative importance of manufacturing industry, a change in the composition of industrial output, and changes in production techniques and sources of supply for individual commodities

The importance of industrialization to any economy in the world cannot be over emphasized, apart from the powering of growth trajectory of the country, it creates employment, enhances income, makes availability of variety of products etc. It is on this premise that Nigeria, overtime has pursued industrialization through different policy efforts. This research paper will explore the dynamics inherent in these policy objectives from the 60s to the 2000s, (1960 to 2014) the impacts generated, the challenges that have impeded industrialization process in the country and make dependable recommendations that will serve as tool for engaging the policy actor. For Nigeria the industrialization policies and processes have been classified into 4 main components, namely the Import Substitution Industrialization (ISI) 1960 to 1985, Export Promotion Industrialization (EPI) 1986 to the 1999, the Foreign Private Industrialization Policy (FPI) from 1999 to the early 2000s and the Nigeria Industrialization Revolution Plan 2014.

Statement of the Problem: Undoubtedly, each of the above policy areas was pursued to entrench the requisite development objectives in the country by various governments overtime. Unfortunately, none

of this policy area was able to achieve the set targets as Nigeria is not yet close to be called an industrialized country. Nigeria is still heavily reliant on imported industrial products, both finished and unfinished commodities, draining the country of the much-required foreign exchange and creating a dependency relationship with the industrialized world. With the increasing insecurity in the country, the tax concession driven Foreign Direct Investment (FDI) potentials is falling, the UNCTAD 2020 World Investment Report, affirms that FDI flows to Nigeria totaled USD 3,3 billion in 2019, showing a 48,5% decrease compared to the previous year's USD 6,4 billion inflows. This significantly less than the estimated FDI inflow of USD 98,6 billion in 2019². Further, according to the Central Bank of Nigeria, Foreign Portfolio investments (FPIs) in Nigeria recorded a 77.4% year-on-year decline in the first quarter of 2021 to stand at \$974.1 million³. In addition, given lacking industrial base and the unfortunate scenario of companies moving to the neighboring countries due to failing infrastructure, unemployment, poverty, and inequality are on the increase, because of the following scenario, this article will attempt to provide answers to the specific questions below, with the objective of exploring the impact of the industrial policy formulation and implementations over the specified periods.

Research Question: Here are the guiding research questions below; (a) What are the various industrial policy frameworks that drove industrialization in Nigeria, from 1960 to the 2014? (b) Do the policies reflect the Nigeria development priority, if not, why? (c) What is the progress made by the various policy interventions implemented? (d) Why did the policies not deliver the targeted objectives and what are the challenges that impeded them? (e) What are the dependable policy recommendations capable of entrenching industrialization and economic growth in Nigeria?

Research Objective and Purpose: The purpose of this paper is to generate an advocacy tool for industrialization in Nigeria through exploring the Nigeria industrialization dynamics in Nigeria from 1960 to 2014 to determine the progress made, the challenges and make dependable recommendations. **Specific Objectives:** The specific objectives are to; (a) Explore the industrialization policies in Nigeria from 1960 to the 2024. (b) Determine the policy origins and to which extent the policies resonate with the Nigeria development priority. (c) Establish efficacy of the various policy interventions implemented. (d) Determine factors responsible for the country's inability to attain industrialization. (e) Make dependable policy recommendations capable of entrenching industrialization and economic growth in Nigeria

Research Scope: Although in Nigeria, the industrialization efforts of the government date back to the pre-independence period, this research work will focus on the industrialization policies of the country after the independence in 1960 and up to 2014, looking at the Nigeria Industrial Revolution Plan. It will attempt to appraise the available literature over the period and respond to both the research questions and objectives stated above.

Research Limitations: This is not a funded research project, so it is limited by the scope stated above, which is determined by the resources available for the research work. As such, there will be heavy reliance on secondary literature, which will be scrutinized to establish responses to the research questions above. It is imperative to mention that the richness of this research work is largely determined by the available literature in the field of industrialization in Nigeria.

Justification of Study: Among the major motivating factor to conduct this research work is the need to generate a dependable advocacy tool for engaging the policy actors and stakeholders in the efforts towards industrial growth in Nigeria. It is strategically targeted at spurring the desired political will to move the nation to the next level, especially now that there is growing high rate of unemployment, poverty, inequality, increasing insecurity, lacking food security, among others. Overtime, the country has not been able to achieve its industrialization objectives owing to different factors, this research work is positioned to explore those factors that have impeded industrialization efforts in Nigeria and proffer policy alternatives suitable for entrenching accelerated economic growth and development in Nigeria.

Organization of Study This work is divided into five chapters. The problem statement, research questions, objectives, the scope of the work, limitations, and the justification of the study, are all contained in chapter one of the paper. Literature reviewing and the theoretical framework are to be established in chapter two. It is in this chapter that all the available and relevant materials on industrialization in Nigeria will be reviewed and an appropriate theoretical framework established for the analysis of industrialization process in Nigeria. The suitable methodology adopted for this work will be described in chapter three of this paper. It will explain the various steps taken to carry out this research work. In chapter four, the available literature used for this work will be presented in chapter four, this is the main frame of this work. This chapter will house the processes of industrialization in Nigeria, the progress made so far within each of the policy area, the impeding challenges, and the prospects for the country. The summary, conclusion and policy recommendations will be presented in chapter five.

2. Literature Review

Industrialization Dynamics in Nigeria, 1960 to 2014: There are many publications on the Industrialization and the industrial policy in Nigeria, spanning from the pre-independence period to the present. For coherency and consistency, the Nigeria industrialization policies and processes are classified into 4 main components, namely the Import Substitution Industrialization (ISI) 1960 to 1985, Export Promotion Industrialization (EPI) 1986 to the 1999, the Foreign Private Industrialization Policy (FPI) from 1999 to the early 2000s and the Nigeria Industrialization Revolution Plan (NIRP) 2014⁴.

The Import Substitution Industrialization (ISI) 1960 to 1985: The First National Development Plan, 1962 to 1968, fell within this period. It was an inward focused industrialization strategy pursued by the Nigeria government before and after the independence in 1960, with the overall purpose to grow domestic manufacturing through local productions targeted at the home markets. This is strategic to reduce the heavy reliance on importation of foreign goods, while simultaneously protecting the local industries. Among the key objectives of this inward-looking policy is to encourage technological development across the country and generate the requisite employment for the teeming population. The import substitution period is subdivided into four main stages. According to Kirkpatrick et al, 1984, the stages include as follow, stage one was the production of non-durable consumer goods, the second stage is characterized with the production of complex durable goods, the stage three focused on the establishment of heavy industries like the petrochemical, steel rolling industries etc., while the fourth stage was focused on the growth of the domestic industries through technological transfer. It is observable that stages one to three were implemented even though not fully and coherently as designed, nevertheless, cottages industries like mills, craft centers and heavy industries, e.g., fertilizer companies, Ajaokuta Steel Company etc. were established in the 70s. Unfortunately, some of these industries were uncompleted and never took off till date, e.g., the Ajaokuta Steel Company.

As highlighted earlier, the import substitution period was highly incentivized with both monetary and fiscal concessions. To protect the local industries, there was high tariff on finished products that were imported into the country. Other forms of incentives included tax holidays, tax reliefs, duty exemptions on machinery and spare parts for industrial productions⁵. It is also noteworthy, the application of regime of import licensing and quotas to regulate and discourage importations at different levels. In the 70s, precisely between 1970 and 1974, the second National Development Plan was introduced, coincidentally, this was the oil boom era in Nigeria. According to Dagogo 2014, the major policy thrust was reconciliation, rehabilitation, and reconstruction⁶, having just emerged from civil war, there was need for the accelerated development of the country. It is important to highlight that the import substitution industrialization continued during this period but with a more aggressive

intervention by the state to diversify the economy through industrialization, widen industrialization across the country through even spread. These are geared toward generating full employment, stimulating aggregate demand to respond to industrial production.

These actions of the government resonate with the Keynesian model of state intervention, which is believed can stabilize the economy, generating aggregate demand and full employment. Within this view, a coordinated response between the state and its central bank through fiscal and monetary policies can help stabilize economic output, inflation, and unemployment. In line with this view, a demand side economic intervention, the government established industrial clusters within designated industrial estates across the country, that were rented out on subsidized rates. To facilitate the process of industrialization through empowering the private sector players, the government established the Federal Loan Board (FLB), Industrial Training Fund (ITF) and Nigeria Industrial Development Banks (NIDB) mid 60s. These were made possible with the flow of oil revenue in the 70s during the period of the oil boom, which also facilitated the establishment of giant industries, like the cement factories, petrochemicals, auto plant, steel rolling mills etc., as highlighted earlier.

The Third National Development Plan was launched in 1975 and lasted up to 1980. The driving force over this policy initiative was to reduce the dominance of the multinational corporations that were the key players within the economic ecosystem over the period. As such, the policy was targeted at transferring ownership of the corporations to Nigeria through the Indigenization policy of 1977, thus enabling more enterprising opportunity for the Nigerian industries. According to Dagogo 2014, there were three categories of ownership, category one stipulates for 100% ownership by Nigerians, category two stipulated 60% ownership structure, while the Third category was targeted at 40%⁷. To facilitate these processes, the Nigeria Enterprise Promotion Board and the Bank of Commerce and Industries were established as intermediaries. Despite the change in ownership pattern of the industries through the indigenization policy, a major feature was that the key management and the administrative positions remained with the expatriates, who continued to drive the affairs of the corporations. The last phase of the Import Substitution Industrialization (ISI) Policy was the Fourth National Development Plan, (FNDP) covering the period 1982 to 1985. For Chete L.N., Adeoti J.O., Adeyinka F.M., and Ogundele O, 2014, the FNDP was a move for wider sectoral approach in investment, an initiative targeted at moving investment to some strategic areas of the economy⁸. However, as already noted, the dependence on imported raw material and industrial inputs generally continued to impede growth with unfavorable balance of payment and forex challenges.

Export Promotion Industrialization (EPI) Policy, 1986 to the 90s

Turning to the Export Promotion Industrialization (EPI) Policy, which commenced officially from 1986 covering the period up to the 90s, it was glaring that a new policy era has begun, focusing on outward growth of the economy. In other words, the new industrialization strategy targeted domestic manufacturing of goods with the prospects of exporting them to the global market. This laudable objective was anchored on strong technological growth, whereby major technological development was expected to take place, as a prerequisite to power the industrialization process. This was also a response mechanism to the prevailing economic challenges within the period, especially the scarcity and high cost of forex for imports. As response mechanism the government intended through industrialization to expand the non-oil sector with the objective of generating forex. It is noteworthy the pattern of industrialization that was pursued by the government, there was emphasis on the small-medium enterprises (SMEs) as engine of growth. Given this strategy, the government took many actions, including instituting many forms of incentives to drive the development and growth of small enterprises.

There were major features of the EPI era, all aimed at encouraging local production for export growth. Fundamentally, the government abolished export licensing to ease the exporting process, while scrapping the Commodity Boards that were in place. These actions were in line with the Keynes state

intervention, strategically the scrapping of the commodity board, as noted by many industrialization scholars was to get the market forces rolling. It meant that subsequently, the market will be determining the prices of commodities. According to Siyanbola et al 2017, to drive this further, export processing zones were established across the country with enticing tax concession⁹. Such concession included the interest rate deregulation to spur foreign direct investment, with the expectations that it will lead to domestics saving for further investment in the country. The credit institutions established earlier helped facilitate the administration of export credits across the industrial clusters in the country, while different forms of insurance facilities were made available through insurance schemes that were put in place. A major incentive to exporters over the period was the opportunity to keep back 100% of export proceeds in foreign exchange instead of the 25% allowed earlier.

It is important to note that process of liberalization of the economy gradually started over this period, with the introduction of the Structural Adjustment Programme (SAP) to stimulate the economy, expand the industrial base of the country and spur non-oil exports. According to Chete et al (2014), this was targeted at private sector led industrialization using local technology and raw materials. The drive for the use of local technology as a panacea was supported with the introduction of the National Science and Technology policy¹⁰. With the introduction of the market forces, it set a contradiction to the earlier process that has been set in motion, pointing to some of the policy incoherence in the industrialization process, as some components of the indigenization policy must be removed to allow private and foreign investment.

The Foreign Private Investment Industrialization Policy (FPI), from 1999

Up to the 90s, it was visible that the efforts of the various government including the military regimes were unable to achieve the desired industrialization goal of the country due to the challenges highlighted already. Going by the dynamical interplay, from 1999 upwards, the government rolled out the Foreign Private Investment Industrialization Policy (FPI) aimed at spurring direct investment into the different sectors in the manufacturing in Nigeria. The FPI was anchored on the 1999 Industrial Master Plan initiated to drive industrial development and growth, with emphasis on industrial and commercial research, technological transfer and the capacity support to the firms and personnel. At this stage, it has become obvious the role of technology in powering industrial development, as such efforts were made to situate science and technology within the nucleus of the economic development objectives of the country. In line with the government's monetary and fiscal concessions targeted at supporting industrial development, banks were established to grant long-term loans to industries. Such include the Bank of Industry (BOI), Nigeria Industrial Development Bank (NIDB), the Nigeria Bank for Commerce and Industry (NBCI) etc. These financial institutions, apart from granting loans to industrialists, were also expected to contribute in creating employment and diversifying industrialization.

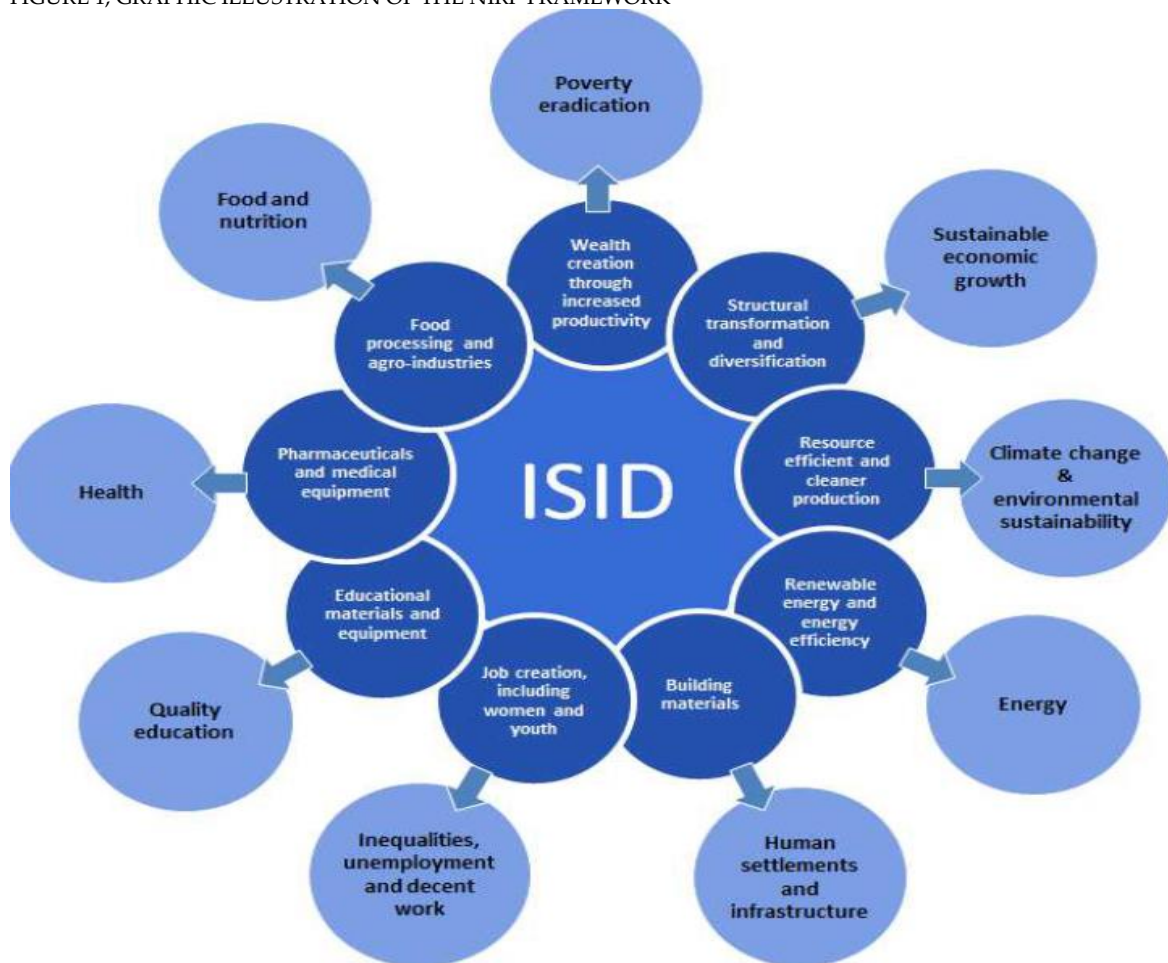
Overall, it suffices to say that there was general banking reform to reposition the banking sector for dependable support of the manufacturing sector, especially the SMEs. With the advent of the Nigeria Investment Promotion Commission, (NIPC), the atmosphere was charged to attract foreign investments in the country, and the ensued investments portfolios took different dimensions. The pattern was such that both individual and corporate investors were encouraged through the policy to invest in the country, having expunged some component of the indigenization policy earlier. According to Ekpo 2014, the investment pattern was in form merges, acquisition of existing businesses and the reinvestment of profits. With the prevailing policy environment, it was clear that the government was positioned to further liberalization of the economy. In 2004, the National Economic Empowerment and Development Strategy (NEEDS) was incubated, with the intention, among others to diversify away from the oil to the non-oil sectors through expanded industrial production for export, minimizing government role in the economy while increasing private participation. All these policy initiatives were

targeted at making the country to be competitive with the global community, especially the harmonization of tariff across the ECOWAS zones.

Nigeria Industrial Revolution Plan, 2014

So far, lacking policy consistency and continuity have continued to characterize the Nigeria aspirations to industrial development and growth, thus creating different scenarios. By 2014, the drive to industrialize the country engendered another policy framework namely the Nigeria Industrial Revolution Plan, (NIRP) which is an integration of the NEEDS, Vision 2020, and the Transformation Agenda of the President Jonathan Administration¹¹. The NIRP could be described a comprehensive, integrated, and strategic roadmap to industrialization in Nigeria targeting both economic and revenue diversification. In addition, its focus is to diversify the Nigeria economy to one of the largest markets in the globe, targeting the non-oil sector as the economic epicenter, thus placing Nigeria as the manufacturing hub for West Africa.

FIGURE 1, GRAPHIC ILLUSTRATION OF THE NIRP FRAMEWORK



Source: Adapted from the Nigeria Industrial Development Plan (NIRP), March 2014, Federal Ministry of Industry, Trade, and Investment <http://nid.fmiti.gov.ng/>

Theoretical Framework

Industrialization processes in Nigeria spanned over decades, covering the pre-independence and the post-independence Nigeria, with dynamical contextual changes. It involved the adoption and initiation

of various policy alternatives as were deemed appropriate by the various government administrations, which included the military regimes. With this scenario, the industrialization dynamics could be explored using different theoretical frameworks among them, the modernization theory, Dependency theory, Endogenous Development theory, the Keynesian state intervention model, etc.

However, for this study, the Elite Theory is considered appropriate to explore the policy dynamics, especially how the priorities were articulated, and above all, determine the possible impacts and establish the inherent gaps associated with the preferred policy strategy. Using the work of Claudia Mariotti 2020, Elite theory as a theory of the state explores the power relationships within a society and postulates that the few, mainly the economic and policy planning networks, hold the most power, which is not determined by democratic elections¹². In other words, the Elite theory posits that the members of the elites wield enormous power over the corporate bodies and the government decisions due to their positions in society or influence over the planning networks. The Elite theory's main element is the concentration of power, the elites are united, while the non-elites are diverse and powerless. The elites' interests are unified because of their shared experiences and positions. In elite's theory, institutional position is the major defining feature of power.

Further, as expressed in Claudia Marriotti 2020's work, the Elite theory has its origin from the Machiavellian school, namely, Gaetano Mosca, (1858-1941), Vilfredo Pareto (1848-1923) and Roberto Michels (1876-1936) For Gaetano Mosca, a Sicilian senator and scholar, pictured how a small or minority group within the society out-organize and outsmart the majorities, given that the political classes/elites usually wield certain material, intellectual or established moral authority over those that they rule. In the Vilfredo Pareto's writings, also an Italian Economist and a senator, perceived all individual as being different and hierarchical (social, political, and intellectual), top-down, those at the top referred to as the elite. He went further to posit that the positions of the people within society is associated to their notable abilities and extraordinary qualities. In Pareto's observations, the political elites are those wielding power and wealth. The third scholar within the Machiavellian school, Roberto Michels, according to Claudia Marriotti 2020, was Max Weber's pupil, Michels, a Political Scientist and a Professor of Economics, in his work, *Political Parties: A Sociological Study of the Oligarchical Tendencies of Modern Democracy*, posited that all powers are concentrated in a few individuals that are organized and rule over the majority. Cutting across the three scholars' postulations is the common understanding of the asymmetric power relations within society, whereby the elites use their power to influence the positions of authority, tilting the decision-making process towards their interests. Expounding this further, elites' theory investigates beyond power distribution but also inquires on *"who holds the power, how, on which basis, for what reasons, with which justification, and how the power can move from a small group to another"*¹³ This scenario also resonates with Harold Laswell's, (part of the famous Chicago school) 1936 publication, *Who gets What, When and How*, where he painted the political economy of few minorities connected with the political institutions and the military. The foregoing can help in understanding the dynamics in the Nigeria industrialization ecosystem. As will be demonstrated below in the data presentation and analysis section, Nigeria industrialization process was characterized with varied forms of elite influence, manifesting in form both political and economic captures.

3. Methodology

To respond to the research questions in the introductory part of this paper, a study of the Nigeria industrialization policies and processes was conducted reflecting the 4 main industrialization periods in Nigeria, namely the Import Substitution Industrialization (ISI) 1960 to 1985, Export Promotion Industrialization (EPI) 1986 to 1999, the Foreign Private Industrialization Policy (FPI) from 1999 to the early 2000s and the Nigeria Industrialization Revolution Plan that commenced in 2014. Owing to the limitations and scope of this research paper, it relied heavily on secondary literature, using analytical and deductive approaches to review the magnitude of literatures from different sectors, including

professional studies on industrialization in Nigeria. It is, therefore, not an empirical study. However, it is in line with the Jupp 1996 guideline for appraising and assessing documents, which are credibility, meaning, representativeness and authenticity, referring to the reliability or otherwise the originality of the documents

4. Data Presentation and Analysis

The Import Substitution Industrialization (ISI) 1960 to 1985

Policy Impact: Following the massive government interventions through state owned investments, monetary and fiscal policies concessions, it is important to appraise the multiplier effect in the economy. According to Ana Paula F. Mendes, Mario A. Bertella and Rudolph F.A.P. Teixeira, 2014, pg. 131, Nigeria was among the sub-Saharan African country with slight industrial leap, with qualitative performance of the industrial sector, a marginal increase in production of durable and consumer goods. Dagogo 2014, affirms an increase in medium scale industries from 150 to 380 in 1965, with a manufacturing leap from 4.2% in 1960 to 6.1% in 1964. Both the nominal and the percentage increase are commendable given the short timeframe. Overall, the manufacturing capacity utilization increased, as was also attested to by Ekpo 2014.

Challenges and Gaps: Noting the changes in the economy through increased industries and their capacity utilization, there were also some challenges that impeded accelerated industrialization over the period. For Ekpo 2014, the import substitution industrialization policy failed to achieve its targeted objective of industrializing the country, despite the huge fiscal and monetary concessions by the government. Cardinal among these factors is the non-implementation of the fourth stage of the import substitution industrialization plan, which focuses on technological transfer. Knowing that the ISI was an adaptation from the Latin America and the Asian countries, the success dependent largely on the ability of the country to secure the necessary technological knowhow from abroad. Unfortunately, this never happened, testifying to the lack of incoherence and coordination in the implementation process of the ISI. This presents major gaps that culminated in the failure of the ISI and raises the question whether it was deliberate or because of fortified group interest. Knowing that the success of the ISI is dependent on successful technology transfer, why then was it not pursued as a fundamental step, was it due to lacking technical competence, inadequate resources to drive the process or deliberate undermining of the institutions of governance to deliver public goods and services.

Similarly, another key driving motive for the ISI, is to manufacture goods locally, however this turns to assemblage of foreign products instead of domestic production, thus leading to high dependency on the importation of raw materials, spare parts, skilled labour etc. The economic consequence was the increase in the cost of importation, meaning a drain on foreign exchange with negative impact on the balance of trade equilibrium. This situation led to scarcity of forex with increased debt obligation to the country. The dependency on the importation of raw materials opened opportunity for the privileged few, who can influence government procurements, using their political or economic positions. As such these few groups of individuals would never want to maintain the statuesque and gain from the dysfunctionality of the system. The ISI presented quite some learnings that should have helped in improving the next phase of industrialization effort, but this never happened, as the introduction of the Structural Adjustment Programme (SAP) further exposed the country to the vagaries of capitalism through privatization and commercialization in the late 80s.

Export Promotion Industrialization (EPI) Policy, 1986 to the 90s

Policy Impact: Accessing the progress made during the Export Substitution Industrialization, the introduction of the SAP policy enhances Nigeria access to the global market, but not without its consequences. The government instituted in 1988 the Privatization and Commercialization Policy, and the Technical Committee on Privatization and Commercialization (TCPC), the stage was set for private participation and as noted in Ekpo 2014, public sector investment reduced, while the private investment heightened. According to Dagogo 2014, industrial capacity utilization increased from 40.3% in 1990 to

42.0% in 1991, and the value addition to manufacturing also improved to 2.1%, however the contribution to the GDP declined from 4.9% to 4% in 2015, as noted by Chete et al 2014.

Challenges and Gaps: Despite the incentivized policy initiatives to drive the Export Promotion Industrialization (EPI), many challenges impeded the achievement of the desired objectives. Quite prominent among the obstructions to industrial effort was the underdeveloped and decaying infrastructure that characterized the country at the period, which till date Nigeria has not been able to overcome. As highlighted earlier, efforts at building dams, power stations etc. to generate adequate electricity to support the industries did not bear the desired fruits, due to lacking innovation, corruption, and the mismanagement of public resources. The emphasis on technological growth was not pursued as planned despite huge government investment. As noted by Chete et al 2014, the 1986 National Science and Technology policy was geared towards popularizing the role of science and technology in industrial development but there was no evidence to attest that the objectives were attained. The failure is largely attributed to the lacking innovation, which was not emphasized as driving force in the policy formulation and the implementation, lacking synergy among the science and technology institutes, and non-convergence between the industries and the research institutes, as they operated separately.

With the lacking infrastructure to power the industries, the situation led to high cost of production, thus making the local products more expensive than the foreign products. In other words, the non-competitiveness of the Nigeria products in the global market affected demand. Similarly, major factors that led to the high cost of production domestically were the devaluation of the Naira and the associated high interest rates, which were part of the conditions inherent in the SAP policy. As highlighted earlier, the introduction of SAP marked significant exposure of the economy to the vagaries of the global market, which unfortunately eroded the gains made earlier, as even some component of the indigenization policy had to be reversed to pave way for the invisible hands of the market. It meant Nigeria being opened to the global market, the consequence was the ensued vulnerability that affected the domestic industries. Recall these industries were earlier being protected under the import substitution policy, however, under the prevailing market conditions they must compete for forex, which most of the SMEs were unable to compete with, thus leading to the exit. Compounding the situation was the trade barriers imposed by the developed countries both multilaterally through the global trade regime (WTO), regional trade bodies and some unilateral actions taken specifically by countries.

The Foreign Private Investment Industrialization Policy (FPI), from 1999

Policy Impact: Even though the 90s were characterized with instabilities generally, probably due to the prolonged military rule in the country, the effort by the government to attract FDI yielded some positive fruits, as the number of FDI increased considerably according to Ekpo 2014. It is also necessary to highlight the progress with regards to the establishment of the Small and Medium Enterprise Development Agency (SMEDAN) to facilitate the triumphing of the categorized enterprises. Similarly, the introduction of the NEEDS towards mid 2000 brought some remarkable improvement in the economic dynamics of the country. As noted by Chete et al 2014, the GDP growth increased from 3.3% in 1999 to an average of 6.0% up to 2007, and the external reserve moved from USD4b in 1999 to USD43b in 2007. Further, the banking sector reform contributed immensely to the consolidation of the banks. The privatization and commercialization of public enterprises opened the economy for private investment, for instance the privatization of telecommunications opened the sector for subsequent growth.

Challenges and Gaps: Taking cognizance of the marginal progress and setbacks experienced during this period, it is safe to surmise that the policy objectives were not attained due to some compelling factors. Among these is the challenge of funding the SMEs despite the numerous financial institutions established. Funding challenge is attributable to prevailed maladministration, corruption, inefficiency in the mismanagement of public resources and technical competencies deficiency among the managers of the public resources. The elites capture of the policy environment was so pronounced

and manifested itself from all ramifications through continued interventions in form guided deregulation. According to Chete et al 2014, the existence of the dual exchange rate was a rent seeking measure, a means to enrich the political and the military elites, whereby the government had one rate used for its official transactions while the other was for the forex market exchanges¹⁴. Permit to say that the rent-seeking behavior of administrators contributed immensely to the high cost of production and the subsequent low profit margins of the firms. The scenario depicts that the economy is captured by the powerful elites, given that despite the various reforms, the government institutions remained undermined and unable to achieve the targeted objectives, while few individuals amass wealth through collusions with the firms.

Further, lacking infrastructure was also a major impeding factor to productions given epileptically electricity supply, poor transportation system and the continued dependence on imported raw material and machinery spare parts. Even more worrisome was the prevailing insecurity occasioned by the emergent of different destabilizing forces like the bandits, Bolo Haram, Kidnappers etc. Undoubtedly, their activities destabilized the polity scaring away potential investors.

Nigeria Industrial Revolution Plan, 2014

From all indications, the NIRP is a well-crafted policy with milestones. It targets industrial productivity output of 4 to 6% of GDP by 2017 which will spur wealth creation, import substitution, and export diversification. There are not yet much literature available to study and appraise the performance of the policy framework, though with the inbuilt enhances Support Structures and Enablers (Infrastructure, Skills, Investment Climate, Innovation, Standards, Local Patronage, and Finance) it is envisaged to enhance industrial development and growth in Nigeria.

Prospects: There are great potentials for industrial development and growth in Nigeria, if within a stable political environment, the institutions are strengthened to deliver public goods and services. For industrialization to occur in Nigeria, the political environment must be stable. It means policy continuity, devoid of the prevailing practices and norms, whereby there is no culture of continuing with the policies of the former, when a new government administration is in place. For policy sustainability, industrial development targets or plan should be made an Act of the Parliament, so that it takes precedence despite the government in place. Having x-rayed the various development objectives, the institutions are the epicenter of the governance mechanisms, if the institutions are weak or being captured by the political and the economic elites, the system will find itself in a vicious cycle of unproductive reforms. Navigating through such unpalatable environment requires strengthening the institutions of governance by making them independent and being adequately funded.

5. Conclusion and Recommendations

In concluding this article, it is observed that despite the huge public investments supported with both monetary and fiscal incentives that were targeted at driving the Nigeria's Industrialization Policy from the 60s, the Country failed to attain her industrialization objectives. This is more pronounced in the manufacturing sector, largely due to policy inconsistency and continuity, uncoordinated implementation approaches among key actors and institutions, heavy reliance on foreign inputs, and above all, widespread corruption, lacking technical and managerial competencies. In addition, the generous incentive regime was not well situated within the industrial policy parameters, thus creating avenue for the elites to enrich themselves through capturing the apparatus of state governance processes, in collusion with the powerful firms.

Having systematically identified the major challenges and gaps that impeded the industrial development efforts in Nigeria, over the period, 1960 to 2014, the following recommendations below are put forward as response mechanisms to accelerate industrialization of the country. Separate recommendations are made to drive industrialization, while careful articulated measures are needed to manage incentives to avoid leakages through elite captures. **(a)** Fundamentally, there is need to adapt a consultative approach in policy formulation through public discourse. It will help in integrating wider

experts' contextual opinions in policy formulations, thus enhancing ownership as sustainability factor. (b) There should be a well-crafted implementation strategy able to synergize the roles and contributions from various actors and stakeholders. In other words, the implementation strategy should be able to integrate an effective regulation, monitoring and evaluation process. (c) Public institutions should be strengthened to function independently and be positioned to deliver effective public goods and services. It also requires training the workers and equipping them with the requisite technical and managerial skills. (c) The pursuit of industrialization requires a strong and effective technological base, government needs to invest more on technological development, while creating and enhancing synergies among institutions and cooperation's. It also means supporting industrial and commercial research and linking research outputs to industries. To accelerate industrialization, government needs to prioritize core Industries e.g., steel, fertilizer plants, petrochemical plants like refineries, etc. as engine of development. It presupposes the resuscitation of these comatose industries, making them functional. Assets stripping in form privatization should cease forthwith. (e) Infrastructure drives productivity in any economy, government should prioritize the development of amenities that will support industrial growth, especially electricity and road networks. For Nigeria, electricity continues to pose major challenge to industrial development. (f) As a country, Nigeria should emphasize domestic resources mobilization instead of continued borrowing. This is feasible through expanding the tax base, closing revenue leakages, curtailing Illicit Financial Flows (IFFs) and removing the harmful tax incentives etc. Unfortunately, in 2014, it was lamented by the Director General of the Nigeria Securities and Exchange Commission, Mrs Arunma Oteh that between 2002 to 2011, Nigeria lost staggering US\$140b to illicit financial flows, an amount more than enough to equip basic education facilities and train teachers in all the 774 Local Government Councils in Nigeria, going by the current education sector allocation of 7.04%, a mere USD1.725bin the 2019 budget. (g) There should be concerted efforts at developing the abundant mineral resources in Nigeria, as industrial inputs locally, instead of the reliance on foreign raw materials importation, which continued to drain the country's foreign exchange earnings.

Monetary and Fiscal Policies: Incentive Regime: (a) Incentive is strategic in growing and protecting local industries for growth. However, there is need to situate it within the industrial parameters, and simultaneously ensure better coordination, effective monitoring, and oversight. (b) For incentives to be better targeted, industry peculiarity should be taken into cognizance and reviewed periodically to determine its effectiveness and impact. (c) Overall, incentives should be determined based on cost benefit analysis and driven by a legislative process. (d) Studies, including that of IMF and World Bank have attested that infrastructure attracts Foreign Direct Investments (FDI) and not necessarily tax incentives. As such, there should be less emphasis on harmful tax incentives, rather the country should focus on developing its infrastructure. (e) The government should review the enormous tax incentives and pioneer status accorded to firms, including hotels in Nigeria. This has become a major source of revenue loss to the country. Increasing harmful tax incentives continued to deprive Nigeria of the much-desired revenue, with the notion that it attracts Foreign Direct Investment (FDI). In 2016, a report from the Centre for Research on Multinationals Corporations (SOMO) Amsterdam, revealed that the Nigerian government lost about \$3.3b USD on total potential tax lost to three companies alone: Shell, Total and Eni¹⁵. The situation arose due to the 12 years Tax Holiday granted to these companies through the Nigeria Liquefied Natural Gas (NLNG) Company, a Joint Venture in which these companies have a majority stake of 51%.

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Biographical Note

James Nda JACOB *PhD* is a Professor of International Relations in the Department of Political Science and International Relations. University of Abuja NIGERIA. Emails: jnjnda64@gmail.com & jnjnda@yahoo.com. Tel: 0803 306 3550

Celestine Okwudili ODO is a Political Economist, a Development Practitioner and a Public Policy Analyst, with a *PhD* in view at the Department of Political Science and International Relations, University of Abuja, NIGERIA. Email: celestineodookwudili@gmail.com. Tel: 0808 837 8240