NIGERIA'S INDUSTRIAL DEVELOPMENT, CORPORATE GOVERNANCE AND PUBLIC POLICY

Editors

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Essays in Honour of Michael O. Adejugbe
Professor of Industrial Economics

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NIGERIA'S INDUSTRIAL POLICY AND ITS BINDING CONSTRAINTS

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Isaac Nwaogwugwu, Ayodele Shittu and Patrick Ejumedia

Abstract

The drive for dependable manufacturing sector has consistently gained acceptability since independence. This is reflected in the various industrial policies adopted in the country ranging from the Import Substitution Strategy (ISS) in the 1960s to the recent Nigerian Industrial Revolution Plan (NIRP). In spite of these policies, the country has continued to struggle in its quest for industralisation. This study is therefore an attempt towards providing an in-depth analysis of the industrial policies in Nigeria with an objective of finding out why these Policies have continued to fail while looking at the prospects of Industrial sector vibrancy in Nigeria. To achieve these goals, the paper provides a systematic appraisal of the Industrial Policies in Nigeria between 1960 and 2014. The study rely basically on descriptive statistics derived mainly from the identified binding constraints which have continued to obstruct the growth of the sector. These include: Policy Constraints, Physical and Financial Infrastructure, Institutional Bottlenecks, Corruption and Over-bloated Bureaucracy, Neglect of the Agricultural Sector, Multiple Taxation, over reliance of the Industrial Sector on imported input, high interest rate among others. Consistent policy with respect to these problems and religious implementation of the same will help Nigeria's industrial sector.

Keywords: Industrial Policy, Binding - Constraints, Ideology, Policy Regimes, Nigeria

1.0 Introduction

The Industrial sector has played a major role in driving economic growth in developed and emerging economies over the years. In this regards, the emerging economies in African nations have over the years strived to design appropriate industrial policies in order to boost their industrial sector. In Nigeria, the drive for dependable manufacturing sector has consistently gained acceptability since independence. This is reflected in the various industrial policies adopted in the country ranging from the Import Substitution Strategy (ISS) in the 1960s to the recent Nigerian Industrial Revolution Plan (NIRP). In spite of these policies, the country has continued to struggle with the need to increase her manufacturing capacity utilisation, export diversification. The performance of the industrial sector is still very poor. Currently, available data shows that the industrial sector contributes less than 5 percent of GDP (CBN, 2011). Although several authors have examined industrial policies in Nigeria (Ikpeze, Soludo & Elekwa, 2004; Adejugbe, 2004; Anakom, 2008; Ugbor, 1988; Dare-Ajayi, 2007; Ishola, 2004). The need to create employment and consequently reduce poverty level, stimulate economic growth, diversify the economy, improve tax base coupled with the poor performance of the sector calls for a revisit of the industrial policies in Nigeria. Also, most studies in this area have only addressed one policy at a time or examine industrial policies either before or after SAP and as a result they do not provide an exhaustive analysis of the Industrial Policies in Nigeria. Thus, this study closes this gap by providing an in-depth analysis of the industrial policies in Nigeria by examining why Industrial Policies has continued to fail and looking at the prospects of Industrial sector in Nigeria.To achieve these objectives, we provide a systematic appraisal of the Industrial Policies in Nigeria between 1960 and 2014. Specifically, we divide this period into three phases as follows; Regime I, (1960-1984), Regime II, (1985-1993) and Regime III, (1994-2014). The Regime separation is based on uniformity of Policy in terms of ideology, design and instruments.

The rest of this paper is organised as follows. Section two discusses some stylised facts on industrial sector performance in Nigeria while section three examines an historical perception of industrial policies in Nigeria and the industrial policies guiding these policies, section four focuses on some binding constraints to Nigeria's industrial policy effectiveness while section five concludes.

2.0 Some Stylised Facts on Industrial Sector Performance in Nigeria

Since independence, a number of industrial policies have been adopted to stimulate industrial growth in Nigeria. These policies can be found in the various National Development Plan, Rolling Plan and Policy Documents. In spite of these industrial policies, the performance of the industrial sector particularly the manufacturing sector has not been inspiring. Manufacturing output was very small in the 1960s as it recorded ₦114.0 million and accounted for 4.58 percent of GDP (see table 1). The reason for this was the colonial policy that did not encourage industrial development during the pre-colonial era. However, the ISS and the oil boom of the 1970s, led to increase in foreign exchange which made manufacturing input to be easily imported and as a result, the manufacturing sector improved for instance, manufacturing output increase 23 folds from ₦114 million in 1960 to ₦2, 599.2 million in 1979 and contributed an average of 6.72 percent of GDP during the period (see figure 1and table 1 respectively).

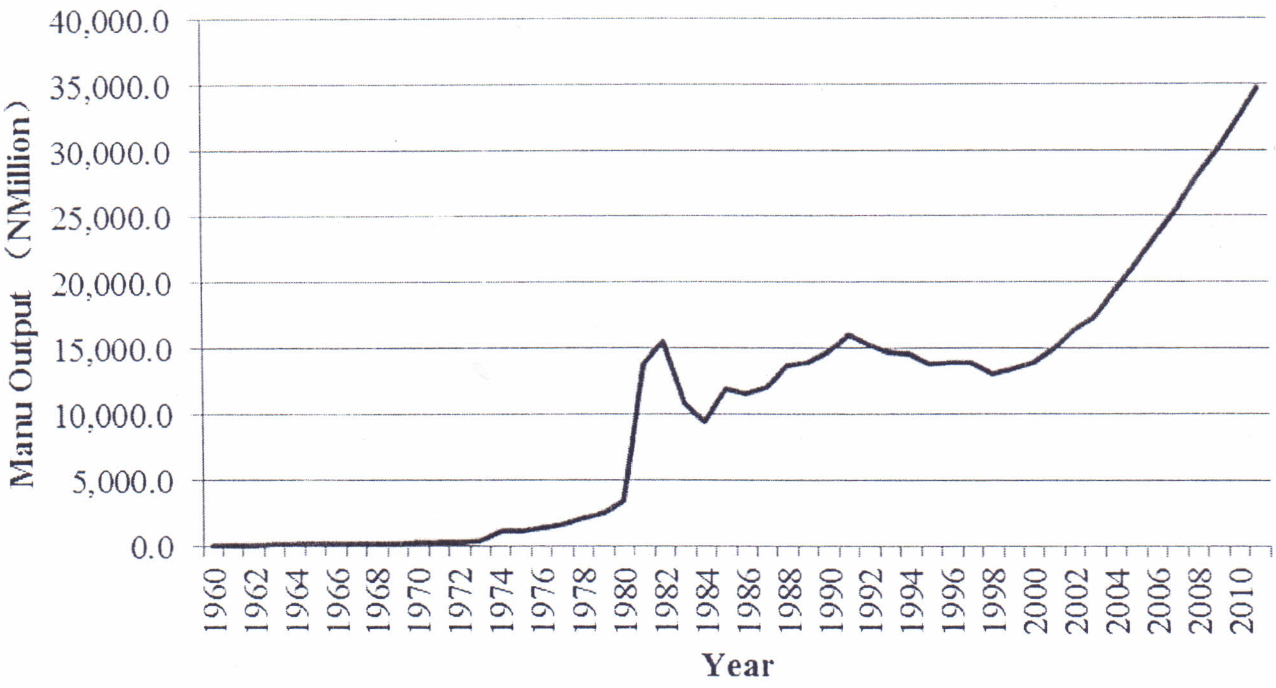

Figure 1: Manufacturing Output in Nigeria (1960-2012)
Source: CBN Statistical bulletin 2011

Although manufacturing output is relatively small, there appear to be improvement in the manufacturing sector over time. As shown in figure 1, manufacturing output grew by 25.69 percent on the average from ₦3,485.9 in 1980 to ₦15,633.5 million in 1982, by 1983, manufacturing output declined by 30.93 percent from its 1982 value to ₦10, 797.4 million. This is not unconnected to the collapse of the international oil market, which led to fall in oil price and as such manufacturing input could not be imported. The Structural Adjustment Programme (SAP) of 1986 which encouraged industries to look inward and source raw material locally revamped the sector as output of the sector grew to ₦ 16,078.5 million from its 1982 value. By 2009, manufacturing output almost double in 1992 and two years later, an additional ₦4, 679.48 million was added to the 2009 value (see figure 1). This implies that manufacturing input has been increasing reaching ₦34, 711.30 million in 2011. However, capacity utilisation has continued to decline. It fell from 78.7 percent in 1977 to 73.3 percent in 1981 and then to 43.8 percent in 1989. By 1995, it fell further to 29.29 percent. However, since 1996, manufacturing capacity utilisation has been increasing with mild fluctuations. In spite of this increment, capacity utilisation in Nigeria is very low indicating the underdeveloped situation of industrial sector in Nigeria.

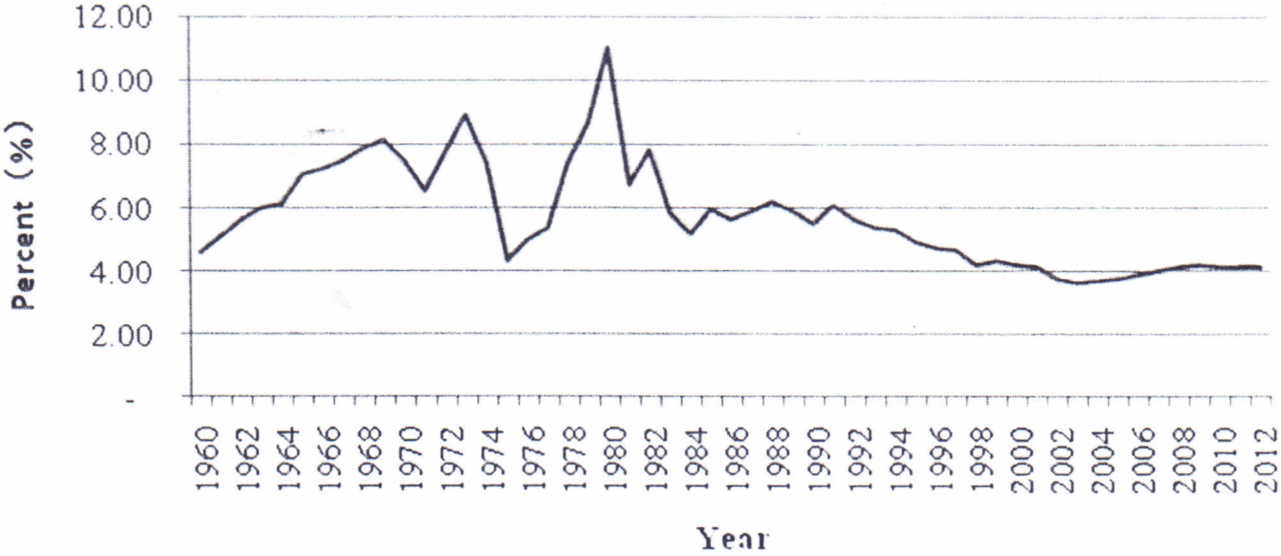

Figure 2: Contribution of Manufacturing to GDP in Nigeria (1960-2012)
Source: CBN Statistical Bulletin 2011

In terms of contribution to GDP, manufacturing sector performance has not been encouraging. From figure 2, the contribution of manufacturing sector to GDP was 4.58 percent in 1960. It rose to 7.02 percent in 1965 and increased slightly to 7.53 percent in 1970. By 1980, the manufacturing sector contributed 11.05 percent of GDP. But by 1985, the contribution of manufacturing sector to GDP declined to 6 percent. Owing to the economic crises facing the country the foreign exchange available was not enough for the importation of manufacturing input. However, during SAP period in 1988, the manufacturing sector improved marginally as its contribution increased to 6.24 percent due to SAP policies which require industries to look inward and source raw material locally.

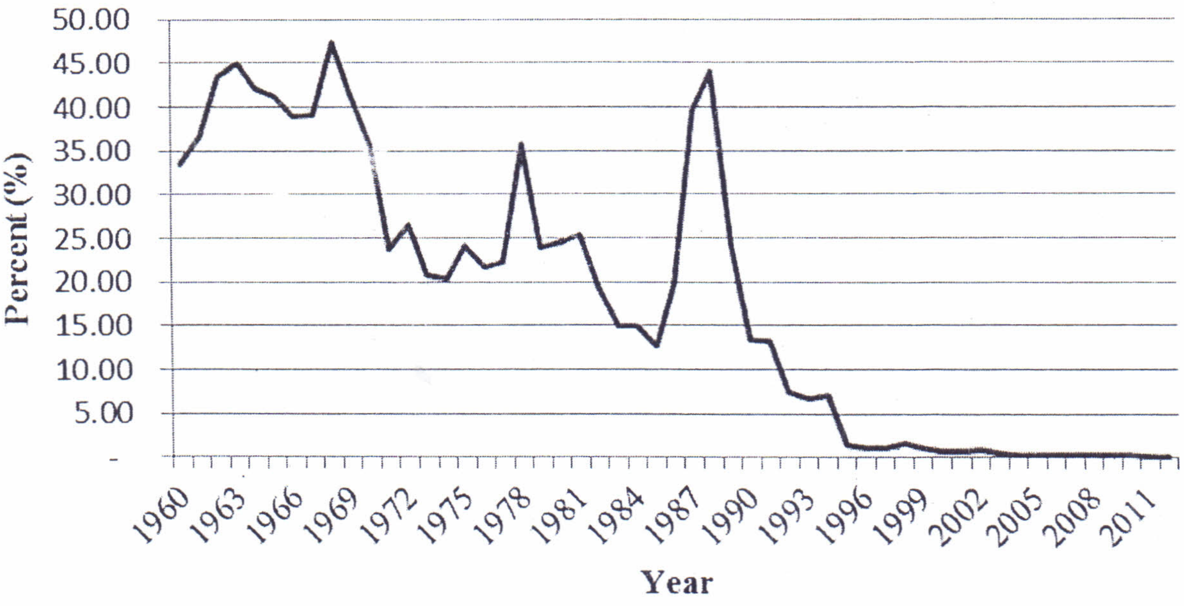

Figure 3: Contribution of Manufacturing to Export in Nigeria (1960-2012)
Source: CBN Statistical bulletin 2011

But after SAP, the increment in manufacturing contribution to GDP could not be maintained. This is because the implementation of investment policies has been such that the country depends on foreign countries for technology. As a result, SAP policy of deregulation led to depreciation of the exchange rate and high interest rate which made locally produce goods very expensive and imported goods relatively cheap which further aggravated the performance of the sector; as a result, the sector contributed 4.1 percent of GDP in 1998. Since then, the contribution of the sector to GDP has remained almost stagnant. The contribution of manufacturing output in export has not been encouraging in spite of the various policies and strategy put in place by the government to encourage production for export in order to earn foreign exchange. In 1960, manufacturing output contribution to export was 33.59, by 1965, it rose to 41.17. In 1970 it dropped to 35.86 percent, it further dropped to 24.09 in 1975. By 1980, it increased marginally by 0.48 percent, it dropped again to 20.65 and to 13.38 in 1990. By 1995, manufacturing output contributed an all-time low value of 1.46 percent of export. Since then, manufacturing output's contribution to export has been very low as it contributes less than 1 percent of export.

Table 1: Some Stylised Facts on Industrial Sector Performance in Nigeria

year	MANOUTPUT	Capacity Utilisation	Contribution of Man to GDP	Contribution of Man in Export	MANOUTPUT Growth %
1960	114.0	n/a	4.58	33.59	
1965	221.0	n/a	7.02	41.17	22.9
1970	317.6	n/a	7.53	35.86	20.58
1975	1,186.5	76.6	4.37	24.09	0.38
1980	3,485.9	70.1	11.05	24.57	34.11
1985	12,032.4	38.3	5.99	20.65	26.22
1990	14,702.4	40.3	5.5	13.38	4.93
1995	13,836.1	29.29	4.92	1.46	-5.18
2000	13,958.8	36.1	4.24	0.71	3.44
2005	21,305.1	54.80	3.79	0.29	9.61
2006	23,305.9	53.30	3.91	0.32	9.39
2007	25,533.5	54.60	4.03	0.31	9.57
2008	27,806.8	n/a	4.14	0.27	8.89
2009	30,013.8	n/a	4.19	0.36	7.94
2010	32,260.90	n/a	4.16	0.28	7.49
2011	34,711.30	n/a	4.16	0.24	7.60
2012	36,938.4	n/a	4.14	0.22	6.42

Source: Column 2 & 3 are Extracted from CBN 2011, while column 4, 5 & 6 are Computed from CBN 2011. n/a = not available

3.0 Economic Ideology and Nigeria's Industrial Policy

Ideology is the anchor of any body of thought that galvanises reasoning of the intelligentsia of varying endeavours on the task to be done. In the field of Economics or Political Economy this defines the basis of Public Policy articulation and implementation strategies and usually rest on the tripod of Capitalist philosophy, Socialist thought and the Mixed Economic Ideology. The distinctive feature of these ideological schools is fundamentally the role assigned to the State and the Market. Economic Policy orientation in Capitalist economy is market-favoured while in the case of Socialist economies it is State dictated. The Mixed Economic Ideology is a highbred of the two that tries to strike a balance between the two extremes of the continuum by eschewing the supposedly negative sides of Capitalism and Socialism. Many of the Less Developed Countries (LDCs) embraced this third alternative and modeled it differently depending on the expected role of the Market and the State. While very few stayed at the Centre (the Middle Mixed Economy) bent most toward the Left (the Capitalist-oriented Mixed Economies) or the Right (the Socialist-oriented Mixed Economies).

At the dawn of independence in 1960 Nigerian economy was at an infant stage with little or non-existent manufacturing or industrial sector. The structure of the economy was characterised by dominance of Agricultural sector, emerging Service sector and trading companies that were subservient to colonial interests. Socio-economic infrastructure was not in place, entrepreneurship was absent and so were manpower, technology, heavy industries, public and private institutions as well as capital.

Such were the major challenges that faced the young nation that the role the government was expected to play was not in doubt. It therefore became glaring that at this stage of Nigeria's industrial development the nation was bound to adapt the Socialist-oriented Mixed Economic Ideology. It was expected that this approach of economic growth and development would diversify the economy, create socio-economic infrastructure, build Public Institutions and bring about social justice. In other words the "commanding heights" of the government in the Nigerian economy was the elixir to position the economy on the path of prosperity. These the government chose to do through its Economic Development Plans that stretched from 1962 to 1985. The role of the industrial sector in all these is well documented.

The 1970s saw Nigeria leveraging successfully on the oil booms of that era and the expected inflow of financial resources. The economy grew by 27% in 1970 with an annual average growth of 7.4%, see Kwakwa et al. (2008). This oil fortune seemed to have caused a shift in Industrial Policy paradigm as reflected mainly on consumerism and now visible manufacturing sector. Thus, the economy that could once be described as Socialist-oriented started showing attributes of the Middle Mixed Economy.

The Supply-side Economics Ideology, Political and Economic Globalisation, the World's New Economic Order and all their derivatives and subservient policies have thrown to the fur economic and industrial policies that are pleasing and pleasant to Market-driven fundamentals and necessitates emergence of capitalism at the global stage. Nigeria's contemporary Industrial Policy is, therefore bound to be compatible with the global trend. Within this context, it should be pointed out that Nigerian economy has not just swung towards the Capitalist-orientation but is fast tending towards the extreme continuum of that.

This has become evident in Government Economic Reform Programmes since 1999. These reforms individually and collectively aimed at liberalising the Market and by implication making it easy for private ownership of means of production --- mainl private capital --- to be deepened in the Nigerian economy. It is from these th: Nigeria's Industrial Policy as articulated by the National Economic Empowermeı Development Strategy (NEEDS) document, Vision 20:2020 as well as the recentl launched Nigerian Industrial Revolution Plan (NIRP) derive their *raisin deter*.

These reforms are many and touch every aspect of the Nigerian economy. Some (them are, Public Sector Reform, Banking Sector Reform, Tax Reform, New Trac Policy Foreign Exchange Market Reform, New Agricultural Policy, New Auı Policy, Oil Sector Reform, Privatisation and Commercialisation Policies amor others.

4.0 Industrial Policy Regimes in Nigeria

Nigeria's Industrial Policy is, expectedly regimented. This stems mainly from tł swings and balances of economic and political ideology as well as confusion and (lack of proper understanding of these and how they should be tailored in matters (policy design, the perspective of the government on the state of econom: fundamentals and the trend of global politics and economics especially the influenc they exert on the national economy. Based on these, three regimes of Industri: Policy have been identified in Nigeria.

The first regime started in 1960, stretched through the civil war, the first oil booı era, return to civilian rule and the economic crisis of the early 1980s. It ended in 198 with the military ruling the country for 15 of the 25 years. The second regime wa between 1986 and 1998. This was the period of deepened economic crisis and a manner of austerity measures. It was also during this period that a good number (economic reform packages were introduced. And finally the third regime, 1999 2014, a phase of renewed interest in political and economic democracy with hoŗ pinned on the efficacy of the so-called free-market system. All these are discussed i details below.

4.1 Regime 1: 1960 – 1985

This is the era when it was inevitable for the government to have a full grip on tł economy. This government sought to achieve through the four-year Developmeı Plans. Thus during this period, Nigeria's Industrial Policy was mainly espousє through four National Development Plans with a view to achieving her drive f(economic growth, and modernised socio-political development. Table 2 provides summary of Industrial Policy Description, Focus, Ideological Basis and Kє Instruments adopted during this period.

Table 2: Regime I of Nigeria's Industrial Policy (1960-1985)

Policy Description	Focus	Ideological Basis	Key Instruments
Commanding Height of the State in an attempt to situate the economy on the path of industrialisation, growth and development. The Public sector increased in size while creating opportunities for the private sector through development of the Manufacturing sector.	• To achieve high economic growth • Building an Egalitarian State • Boosting living standard of Nigerian • Limit external sources of Capital and Manpower • Build a self-reliant economy • Increase productive capacity • Boosting private sector growth • Diversification of the economy. • Indigenisation of economic activities • Promotion of Exports • Import Substitution • Protection of Weak and Infant Domestic Industries.	Socialist Oriented Mixed Economy	• Varied Trade Policy characterised by quantitative restriction and outright ban. • Indigenisation of foreign companies through Equity participation • Varied Agricultural Policy that focused on increased production of food and raw materials • Construction of heavy industries and upgrade of socio-economic infrastructure • Banking sector reforms that aimed at easing access to financial facilities.

Source: Authors' Compilation

As could be seen from this table, the industrial policies of the government for this era is simply designed to enable the state have an overwhelming measure of control over the economy. This move was inevitable because, as pointed out earlier, the private sector was at its very cradle stage in Nigeria while several other developmental challenges stared the government in the face. It was within this context therefore, that the government embarked on the creation of public sector institutions including the public enterprises in an unperturbed and aggressive manner. While this move caused the size of public sector to grow tremendously, it also ensured that the private sector got the much-needed supportive role of the public sector.

The focus of the policies seems very ambitious but attractive even though the defined instruments were contradictory in some cases especially at the implementation stage. In all these, one thing appears undisputable – that Trade Policy and Domestic Capital accumulation and investment were going to be central to Nigeria's Industrial Policy initiatives for decades to come. This would also mean that efforts must be made to ensure that the Financial and Agricultural sectors develop rapidly to provide an anchor to the industrial sector.

But as pointed out earlier, the Development Plans served as a major vehicle of Industrial Policy exposition during the period under analysis. The first plan (1962-1968) is seen as a wish, then the second (1970-1974) is seen as a radical and revolutionary plan. While the third plan (1975-1980) is considered to be a continuation of the previous plan, the final plan (1981-1985) is considered to be the most miserable among the plans. No doubt, the achievements made over these periods were relatively small; the reliance on foreign technology, little or no regard for local capacity building, and utter neglect of progressive dialogue among relevant stakeholders on the sluggish performance of the manufacturing sector cannot be over-emphasised.

We, therefore, explore two important industrial policies adopted for the purpose of boosting industrialisation in Nigeria between 1960 and 1985. Specifically, we considered the Import-Substitution Industrialisation Policy (ISIP), as well as the indigenisation policy. Unlike the former, the latter emphasises a public-sector industrialisation strategy, which seeks to upgrade local production of goods and services.

4.1.1 Import Substitution Industrialisation Policy (1963-1966)

Globally, import-substituting industrialisation (ISI) policy advocates for the establishment of domestic production facilities in order to encourage local manufacturing and the building of local capacity for new incremental local demand (Baer, 1972). While this policy prevailed between the early fifties and late sixties, it enjoyed little or no patronage among global policy makers in the early seventies. On one hand, it can easily fit into social and political environments. On the other hand, the goal of creating local spaces for indigenous manufacturers remained elusive. Thus, rather than changing the social order, all it did was to supply manufacturers (Hirschman, 1969).

In a similar manner, there was widespread disappointment among many African countries that embraced this policy, not excluding Nigeria. The policy outcomes among selected African countries (Ethiopia, Ghana, Ivory Coast, Malawi, Uganda, Zambia, and of course, Nigeria), according to Mabogunje (1973) include; weak industrial structure, over-emphasis on two industry groups (food products and textiles), volarisation of local resources, and limited industrial linkage potentials. More specifically, ISI reigned in Nigeria between 1963 and 1966 as a strategic policy set out to drive industrialisation under the first National Development Plan (1962-

1968). To this effect, ISI in Nigeria seeks to achieve four fundamental goals as highlighted in Table 3. Consequently, the Kainji Dam and the Ughelli Power Plants were commissioned. In addition, a development bank, as well as a mint and security company was established to catalyse industrial take-off in the country.

Table 3: Import-Substituting Industrialisation Policy in Nigeria (1962-1968)

Goals	Policy Attempts	Neglects
▪ To mobilise national economic resources. ▪ To catalyse industrial take-off in Nigeria. ▪ To stimulate start-ups & growth of industries. ▪ To enhance indigenous participations.	▪ Energy projects were commissioned. ▪ Industrial infrastructure initiatives. ▪ Financial infrastructure initiatives.	✓ Domestic factor endowment ignored. ✓ Management of technology transfers/acquired ignored.

Source: Chete et al. (2014)

As against our expectation, according to Anyanwu et al. (1997), the assemblage of items rather than manufacturing dominated this policy outcome in Nigeria. In terms of job creation, the achievement was relatively good but the contribution to fixed capital formation in the country was utterly disappointing. Neither was the importation of goods curtailed nor was foreign exchange savings encouraged. Instead, foreign manufacturing firms dominated the manufacturing space. Little effort was made to coordinate the management of technology imports into Nigeria. Thus, the expected gains from technology transfers escaped us as a nation. In a similar manner, the desire to develop local capacity for indigenous manufacturing did not materialise. The ISI policy did little to transform both technological capacity and manufacturing prowess in Nigeria.

4.1.2 Indigenisation Policy (1972-1981)

Nigeria jettisoned the ISI policy for the indigenisation policy upon the realisation that shallow technical and manpower capability account for a greater proportion of the country's manufacturing poor performances. So, it is perceived that a public-sector led industrial strategy would make a difference. This perception gave birth to two decrees, namely; Nigeria Enterprises Promotion Decree (1972) and Nigeria Enterprises Promotion Act (1977) respectively. Consequently, this policy seeks to promote local industrial growth and inter-industry linkages through public-sector led machineries (see Table 4). Motivated by the influx of foreign exchange earnings from crude exports, the Nigerian government was too confident that it has the financial muscle to drive the growth of heavy industries, while the private sector focuses on light consumer industries.

Unfortunately, this was not strong enough to alter the wind of industrial calamity that has befallen Nigeria. Two important barriers are noticeable, namely: poor capacity for technology adoption and implementation and poor industrial structure and planning. These translate to a continuation of import-based manufacturing in Nigeria, which fueled the embers of foreign exchange earnings' decline, balance of payment disequilibrium, and increasing unemployment rates in the country. The combination of these three challenges increased the need for an alternative industrialisation policy in the country.

Table 4: The indigenisation Policy (1972-1981)

Goals	Policy Attempts	Neglects
▪ To upgrade local production of intermediate & capital goods. ▪ To stimulate industrial linkages. ▪ To boost public-sector led industrialisation.	▪ Investment outlay was increased. ▪ Public investment in heavy industries expanded. ▪ Private investment in light consumer industries expanded.	✓ Local capacity ignored. ✓ Industrial structure and planning ignored.

Source: Authors' Compilation with Information from Chete et al. (2014)

4.1.3 Stabilisation Era (1981-1985)

Unlike the previous National Development Plans, this is relatively the most dismal plan in the economic history of Nigeria. Amidst declining international oil prices and political instability, this plan sets out to achieve five distinct goals. These include; diversification of the national economy, support for sufficiency and self-reliance, reduction of high imports, drastic reduction of raw material gaps, and integration of small holders' production. With emphasis on industrialisation, self-sufficiency and self-reliance on local production and supply capacity matter the most.

Among the industries in the manufacturing sector at this time, the textile industry performed extremely well. It accounted for 20 percent of the employment and approximately 15 percent of the value added in the manufacturing space (Andrea & Beckman, 1987). Unfortunately, this industry and many others crumbled gradually before the expiration of the 4th National Development Plan. Thus, the echo for structural adjustment became louder. Despite these, however, it was obvious that there were more challenges confronting the manufacturing sector other than economic instability.

Table 5: Stabilisation Regime for Industrialisation (1981-1985)

Goals	Implementation	Barriers
▪ To diversify the national economy ▪ To support a self-sufficient & a self-reliant economy ▪ To drastically reduce lingering high imports ▪ To reduce raw-material gasp ▪ To integrate rural development of small holder production	▪ "... no systematic effort made to implement the plan, resulting in a far below expectation."	✓ Overheated economy (1979-1983) ✓ Sharp competition from imports ✓ Over-valued exchange rates ✓ Shortage of raw materials ✓ Poor database of small informal producers ✓ Expansion of petroleum economy

Source: Authors' Compilation with Information from Chete et al (2014)

Specifically, raw-material trap and backward integration pressure amidst poor technological, as well as poor man-power capacity exposed the need for enhanced local sourcing of manufacturing inputs. The sharp increase in the competition for imports and persistent over-valuation in exchange rates also exposed the weakness in the fiscal clout bestowed on existing state marketing boards. Consequently, the producers' pricing system could not match the rising trend in production cost. The existing poor database of small informal producers further compounded planning problems in the manufacturing sector.

In view of these, as well as the growing emphasis on foreign capital, Andrea and Beckman (1987) concluded that, "whatever the difficulties ahead, the sustained expansion of the Nigerian economy will depend on the mobilisation of the productive capacities of millions of small holders."

4.2 Regime II: 1986-1998

Notwithstanding the various attempts made by the government to reposition the economy, there remained myriads of challenges facing the country; socio-economic infrastructure continued to be weak while the agricultural sector was more or less abandoned thereby giving rise to the emergence of monolithic economy that had come to be dependent on oil. Some of the other problems that persisted include; stagnated economic growth, lack of Quality Assurance Institutions. During this period the economic ideology that guided the Nation had also shifted, knowingly or unknowingly, towards the centre or what has been earlier paraphrased as Middle Mixed Economy.

Interestingly, the beginning of this era, 1986, marked the dawn of the obnoxious, ill-conceived and badly-handled Structural Adjustment Programme (SAP) or what could be described as medium-term framework designed to tackle inherent weaknesses in the economy (see Chete et al., 2014). This Programme ended in 1992/1993 and ushered in the era of experimental policy tonics.

4.2.1 Structural Adjustment Programme Era (1986-1993)

Nigeria embraced the Structural Adjustment Programme (SAP) as a medium-term framework designed to tackle inherent weaknesses in the economy (Chete et al., 2014). Built on the cardinals of liberal thinking, the medium-term strategic elements of SAP included enterprises rich in market-driven orientations, state-led development with specified roles in the management of the economy, and a reorientation of the structure of the Nigerian economy for the purpose of driving production efficiency. Other goals of SAP, as demonstrated in Table 5, include the promotion of non-oil export-based investments, enhancement of local knowledge for the development of local technological-know-how, and progressive opening up of the local market to foreign investors.

Table 6: Industrial Policy under Structural Adjustment Programme (1986-1993)

Goals	Policy Attempts	Neglects
▪ To promote non-oil export-based investments. ▪ To build a base for private-sector led industrial development. ▪ To enhance industrial-sector efficiency. ▪ To enhance the utilisation of domestic technology. ▪ To boost demand for local raw materials & immediate materials. ▪ To promote foreign investment flow into the economy.	▪ Enacted the National Science and Technology policy. ▪ Established the Raw Materials Research and Development Council. ▪ Created the Standard Organisation of Nigeria.	✓ Local capacity building ignored. ✓ Industrial structure and planning ignored. ✓ Local innovation accorded little regard.

Source: Authors' Compilation with Information from Chete et al. (2014)

In order to achieve these goals, science and technology gained prominence among other factors that can support the actualisation of industrialisation in Nigeria. More specifically, complementary policies were enacted to backup industrial policy between 1986 and early 1990s. For instance, the National Science and Technology Policy came to be in 1986, the Raw Material Research and Development Council was set up in 1987, and the Standard Organisation of Nigeria was also established to oversee issues relating to quality and standards of products manufactured in the country.

espite these impressive attempts, the summary in Table 6 shows that institutional nkages, local capacity building, small business financing, and intellectual property ght issues suffered utter neglects. Another important ingredient of industrialisation ıat suffered neglect is local innovation.

.2.2 Period of Guided Deregulation (1994-1998)

ıttempts by the government to stimulate industrial output faced another round of hallenges, including political turmoil and limited access to formal banks (Adebiyi & ꞉abatope-Obassa, 2004). More importantly, Nigeria embraced a macro-institutional pproach towards privatisation, which was designed to spur private-sector led ndustrialisation in the country. This comprises a dual exchange rate system and other rade policies such as the duty drawback and/or suspension scheme, Business Permits BP), and Expatriate Quota. In 1995, the country promulgated two additional decrees ıamely; the Foreign Exchange (Monitoring and Miscellaneous Provision) Decree No. 7 and the Nigerian Investment Promotion Decree No 16 with a view to reducing the ›roportion of inefficient public sectors, and boost the import of raw material, as well ıs the import of intermediate goods. The Nigeria Export-Import Bank (NEXIM) also ꞉ame to being during this period for the purpose of fostering access to credit, risk 'acilities, and inspire local participation in the exploration of export market ›pportunities. Unfortunately, these were not enough to change the fortune of the nanufacturing sub-sector, let alone the much desired industrial revolution in the ꞉ountry.

4.3 Regime III: 1999-2014

This era is characterised by global resurgence of aggressive capitalism and a shift in the nation's economic ideology that tended towards Centre Right fast moving to the extreme Right. This era, therefore has been experiencing market oriented varied Economic Reforms of different degrees and dimensions.

This era witnessed the emergence of economic reform agenda, which comprises the followings; the National Economic Empowerment and Development Strategy (NEEDS, 2003, 2007), Seven-Point Agenda (2007), Vision 2010, the Nigeria Vision 20: 2020 (2009), Transformation Agenda (2011), and recently, the National Industrial Revolution Plan (2014). Among these policy agendas, however, NEEDS stands out for three important reasons; it is a people's plan for prosperity, it coordinates actions at both the federal and state levels, and it is feasible (International Monetary Funds, 2005). It also has to be pointed out that the government made tremendous efforts to boost the physical and financial infrastructure through the establishment of the Bank of Industry (BOI), Small and Medium Industries Equity Investment Schemes (SMIEIS), Small and Medium Enterprises Development Agency (SMEDAN), establishment of Power Plants and the bailout package of fifty billion Naira (=N= 50 billion) for the Textile Industries. It was also during this period that the National Integrated Industries Development (NIID) was adopted.

4.3.1 National Economic Empowerment and Development Strategy (NEEDS)

Strategically, NEEDS focuses on value reorientation, poverty reduction, wealth creation, and employment generation through people empowerment, private enterprises promotion, and changing the structure and dynamics of governance in Nigeria. On this note, Chief Olusegun Obasanjo, a former President of Nigeria, describes NEEDS as an "ambitious home-grown reform programme, which demonstrates Nigeria's eagerness to unleash untapped talents, cover lost grounds, and become the largest economy in Africa." In other words, NEEDS represents the following;

i. A response to the development challenges of Nigeria.
ii. An attempt to consolidate the achievements of the previous years.
iii. A solid foundation for a sustainable and prosperous future for Nigerians.
iv. A determination to break away from the shackles of failures of the past.
v. A living document that will move Nigeria forward.

Table 7: Industrial Policy under NEEDS (2005)

Goals	Policy Attempts	Challenges
▪ To accelerate pace of industrial development in Nigeria. ▪ Radically boost value-added laden value chains. ▪ To stimulate knowledge-driven factor productivity. ▪ To encourage forward & backward linkages. ▪ To foster renewal for sunset industries. ▪ To promote innovation.	▪ Established structured SME sector. ▪ Step-up the international competitiveness of Nigerian manufacturing. ▪ Develop science and engineering infrastructure..	✓ Infrastructural constraints. ✓ Weak institutional supports. ✓ Scarcity of special-purpose financing windows. ✓ Poorly designed incentives & implementation. ✓ Weak intergovernmental coordination. ✓ Weak educational institution-industry collaborations.

Source: IMF (2005)

Corroborating the assertions made by Chief Obasanjo, IMF (2005) claims that NEEDS represents a holistic view of the social and economic challenges facing Nigeria and that it envisions rapid industrial growth and efficient exploitation of resources through stronger collaborations between the educational institutions and industry in Nigeria. Despite NEEDS' emphasis on selected sectors like health, lucation, electricity, roads, and water, it seeks to give special support to small and edium scale enterprises in the country.

3.2 National Industrial Revolution Plan (NIRP)

'hen the industries in our localities strive, national wealth will be multiplied. This is e premise on which the NIRP (2014) is built and which it seeks to accomplish. [ore specifically, the President of the Federal Republic of Nigeria, during the auguration of this plan in February, 2014, emphasises that the NIRP symbolises igeria's roadmap for "real" industrialisation. Accordingly, it represents a living sion and an ambitious plan that seeks to achieve ₦5 trillion worth of manufacturing venue within the next 3-5 years. Corroborating the words of the President, lusegun Aganga, the Honorable Minister of Industry, Trade, and Investment, asserts at the NIRP symbolises Nigeria's desire to be globally competitive, better explore cal opportunities peculiar to Nigeria's domestic markets, and efficiently utilise cally available assets for the purpose of building our industrial capacity.

rior to the NIRP (2014), the goal of achieving global competitiveness for specific rocessed and manufacturing goods locally is far from being realistic. So, the need r the development of industrial clusters, the creation of industrial parks, enterprise nes, and incubator facilities are quite obvious (Chete et al, 2014). Besides, there are ther issues demanding a national attention if Nigeria's aspiration of industrial volution is to be met. A few of these other issues include; international ompetitiveness, comparative advantages, economic incentives for producers, policy oordination among ministries and other agencies, and business coordination etween the federal and state governments, including the government and the nerging private sector. The need for stakeholders' management in the anufacturing sector is also underlined.

ı order to ameliorate these lingering challenges in our pursuit for a globally cceptable industrialisation process, the Federal Government of Nigeria designed the IIRP (2014) with two features in mind; comprehensiveness and ambitious. The IIRP is comprehensive. The honorable Minister, Olusegun Aganga, assured that the IIRP is holistic, integrated, and it is built on the linkages and partnership between ıe government and the "larger private sector." The NIRP 2014 is also ambitious. 'hat is, it seeks to fast track industrialisation through the acceleration of ıanufacturing activities in Nigeria. More importantly, both the President, Goodluck onathan Ebele, and the honorable minister, Olusegun Aganga, assured that ıanufacturing sector's contribution to the country's gross domestic product (GDP), ›b creation, business landscape, and foreign reserve will be fortified. Thus, NIRP eeks to hastily stop the drain on Nigeria's foreign reserve.

Recently, in the Economic Report on Africa (2014), it is reported that smugglin through Nigeria's porous borders, poor infrastructural base, and bad governmen policies are a few of the factors responsible for the dearth of manufacturin performance in the country. In order to overcome the omen of manufacturin stagnation in the country, the NIRP (2014) has been carefully put together wit emphasis on six strategic industries. In other words, it seeks to foster the exploratio of the country's comparative advantage in agro allied & agro processing, metal & solid mineral processing, oil & gas, as well as construction, light manufacturing, an services, enlarging existing industrial scope, and fast-tracking manufacturing secto expansion.

At present, the NIRP seeks to shoot Nigeria's manufacturing to the Number 1 spot i Africa and to the top 10 place in global ranking. In line with this target, the Federa Government of Nigeria approved the Sugar Master Plan in 2012, implemente backward integration policy in the cement industry, a review of the standards in th cement industry is on the way, and the auto-industry strategy in 2014. Thes combined with the agenda of value addition, enterprise development, an industrialisation, the NIRP seeks to enhance wealth and job creation in the country Beyond these, NIRP anchors its policy objectives on economic incentives, policy an business coordination, and vibrant private sector participation. Previous expor incentives like the manufacture-in-bond scheme, the duty drawback scheme, th export expansion grant scheme, and the export development fund scheme have faile to resolve the problems of supply and demand in Nigeria's manufacturing sector.

Consequently, the Ministry of Trade, Investment, and Industry has been empowere to collaborate with other ministries, agencies, and the "larger private sector." Mor importantly, the Presidential Advisory Committee, a new committee, has been set u to coordinate the stakeholders' parley for the purpose of strengthening private secto led industrial growth in Nigeria. In a similar manner, the National Suga Development Council, a parastatal under the Ministry of Industry, Trade an Investment, has been charged to work assiduously with investors and farmers wh are investing in the sugar cane to sugar programme – a backward integratio programme in the sugar manufacturing sector. Unlike other previous plans, the NIR (2014) stands out on one condition; it appreciates the significance of stakeholders' representation in the process of conceiving and drawing out of the plan for a progressive manufacturing agenda in the country.

However, it is worrisome to observe that there is a dichotomy in the stakeholders' profile as presented by the honorable Minister, Olusegun Aganga, who stressed tha

; ministry will continue to collaborate with others ministries, agencies, and the ırger private sector." We wonder: who are the "smaller private sector?" Is their ;ponsibility different from the "larger private sector?" Thus, only time will tell. .ther than discriminate between cadres of private sectors, appreciate the need for .keholders' involvement, engagement, and integration; this will enhance the ances of a progressive industrialisation process in the country.

) Binding Constraints to Industrial Policy Effectiveness in Nigeria

vakwa et al. (2008) used the term "Binding Constraints" to describe the factors that litate against economic growth in Nigeria in an enduring manner. Here, it suffices borrow this term to describe those "stubborn" factors that have made it impossible have ''binding effect in obstruction'' for Nigeria's Industrial Policy. Some of them : highlighted here.

licy Constraints: In as much as Nigerian Industrial Policies seem to have been :ll-articulated over the years there remained a huge hole in either the mplementary policies or implementation of the industrial policy itself. It appears : government takes each policy as a stand-alone decision in isolation of related lices. From the implementation strategies and budgetary performance over the ırs, policy contradictions were evident. Take for instance government's stance on : export promotion and protection of infant domestic industries. Here, the exchange e policy, trade policy and budgetary performance were not particularly supportive government objective. Policies have always been either haphazardly or jointedly implemented. In fact in some cases they are not implemented at all. ccessive Nigeria governments made a lot of changes on its tariff and non-tariff licies. The cumulative effect of this is that trade policy regimes became predictable, thereby, increasing uncertainty and discouraging the flow of 'estment (see Alaba et al., 2008).

recent years we have seen the Nigerian government remove or reduce tariff but ether Nigerian manufacturing could be competitive or not in International Market pends not just upon removal of tariff especially on production input but in dressing wide range of inefficiencies in the system (Malik et al., 2008). It is also 'tinent to point out here that although the espoused policy goals were (are) never ambiguous the issue of reconciling ideology, policy, and implementation has 'dly been addressed. On many occasions what the nation witnessed was that olicy contradicts lack of political will' to take some crucial decisions that would ve the industrial sector forward. The way for Nigeria's Industrial Policy to make / sense and for the manufacturing sector to be resuscitated is not enough to have a :mingly well-designed policy package. Well-tailored complementary policies must also be put in place while the government gets determined to act and behave like one It was the absence of this that made it impossible for the Development Plans to yield some good results. That also partially explains why the much-hyped Structural Adjustment Programme failed in Nigeria.

Physical and Financial Infrastructure: One of the major challenges facing Nigeria's industrialisation drive is lack of standard physical and financial infrastructure. The state of the roads is extremely bad while the rail system is more or less non-existence. Electricity generation is below 4,000 megawatts in 2014 although the investment in this subsector ought to have raise generation to 9,152MW (Ubi et al., 2012). The problem here is not just the issue of under supply but also that of the quality of electricity generated. Water supply is inadequate, telecommunication service has improved but the quality remains a major concern.

As far as the financial infrastructure is concern, it might suffice, to say that the negligence of the importance of savings and capital accumulation as emphasised by even the traditional economic theories might not mean well for the nation's financial development. Hence, average saving in Nigeria remains low while return on capital is also low thereby giving rise to low productivity in the country. See Kwakwa et al. (2008). In addition to this, financial mechanisms through organised institutions like Bank of Industry, Small and Medium Industries Equity Investment Scheme (SMIEIS), Small and Medium Enterprises Development Agency (SMEDAN), etc were either very weak or uncoordinated thereby making it difficult for industries to access the earmarked or dedicated fund. Fraudulent banking and capital market operations also impose serious constraint on financial infrastructure development in the country and so does the regimes of prohibitive cost of capital.

In as much as the government has initiated and concluded series of reforms in the financial sector – the banking sector (including microfinance banks), insurance industry as well as capital markets, there remains serious bottlenecks inhibiting capital flow into the industrial sector thereby raising several questions on credibility of the entire reform programme.

Institutional Bottlenecks: Institutions are basically constraints that human beings impose on themselves in the form of laws and physical institutions (North, 1990). Good governance and quality serviced delivered is predicated on the existence of efficient and effective institutional framework (Nwaogwugwu, 2006). In as much as the successive governments of Nigeria have tried to build the required institutional framework for the nations, many of them were established too late. And when they were created they were also under the cloud of red-tapism and weaknesses that tained in the core ministries. In many case, the outdated laws that militate against dustrialisation are still in place.

orruption and Over-bloated Bureaucracy: Corruption and over-bloated reaucracy have also come to be major obstacles for industrial policy effectiveness Nigeria by raising the cost of doing business, frustration of project implementation ocesses and even by granting approval for public projects that have poor feasibility idies and known *ab initio* as white elephant projects. This could also be said of dgetary articulation and implementation.

eglect of the Agricultural Sector: Nigeria took cognisance of the inevitability of e Agricultural sector driving the nation's quest for industrialisation through its gricultural policy pronouncements. But these never got translated to reality as the ctor more or less went into comatose engineered by deep-rooted afflictions ranging om out-dated land holding policy to problems of input procurement, irrigation, ectricity and education. It has therefore become difficult for the Agricultural sector the Nigerian economy to feed its Industrial sector suitably as envisaged by the anning documents.

0 Conclusion and Policy Recommendations

ur analysis of Nigeria's Industrial Policy since Independence in 1960 has revealed at many problems plague Nigeria's efforts toward industrialisation as envisaged by e founding fathers of the country, different regimes of government and Industrial olicy, Planners, Administrators and Academics.

ne study has also clearly shown that the performance of the manufacturing sector is continued to struggle in spite of the various policies to "wake the sector from eep". These appear to derive mainly from the identified binding constraints which ive continued to obstruct the growth of the sector. These include: Policy onstraints, Physical and Financial Infrastructure, Institutional Bottlenecks, orruption and Over-bloated Bureaucracy, Neglect of the Agricultural Sector, [ultiple Taxation, over reliance of the Industrial Sector on imported input, high terest rate among others. These constraints are known to the government of igeria.

evertheless, it suffices to make the following recommendations to revamp the idustrial sector. There is the need to put in place realistic policies that require ianufacturers to look inward for raw materials and input. This is crucial because no ation grows her industrial sector relying on foreign input especially if the national urrency has lost value considerably which is the case with Naira now. The reliance on foreign inputs will result in high cost which will make locally made goods not be competitive. Again, it makes no economic or administrative sense mounting nє policies when the factors that engineered the failure of the previous ones have n been clearly identified and addressed. This becomes of utmost importance at t implementation stage of most of government projects. No matter how "beautiful" policy is or appears to be; it is bound to fail if not properly implemented. It has to l emphasised also that the economy is in a direneed of diversification and unless, aı until this is done the foundation of Nigeria's economy will remain shaky. We mu de-emphasise the attention paid to the oil sector. The issues of double and multip taxation must also be addressed urgently. Situations where manufacturers try to s up a plant and have to contend with all manner of taxes of the federal, state, loc governments can further discourage industrial sector performance.

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