Nigerian Industrial Development between 1943 and 2013: Challenges and Opportunities

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Abstract

This paper reviews the challenges and opportunities of Nigeria’s industrial development since the past seventy years. It describes the history of industrialization while critiquing the process as well as impact of industrial policies formulation and implementation on Nigeria’s industrialization since 1943. It was observed that there were multiplicity of industrial policies, most of which were either discontinued at their prime stages by succeeding governments or were interrupted by exogenous factors whose effects were ab initio never factored into these policies. It was also revealed that some of these policy changes were mere semantic differences as the concepts and models for implementation remained the same. It was therefore concluded that the fact that the industrial sector contributes only 4 percent to national GDP is an indication of failure on the part of both planning and implementation agencies of government, and that policies that were poached from foreign countries or recommended by development agencies should only be adopted after taking into account the peculiar nature of the Nigerian State.

Key words: Industrialization, Industrial Policy,
1. Introduction

It has never been argued anywhere, in academics, industry or government, that industrialization is critical to economic development. Perhaps, what is contestable is the effectiveness of a given industrial policy to bring about the required development. In fact there is hardly any developed nation that is not industrialized. As Iwuagwu (2011) noted, industrialization usually comes with clear enthusiasm and commitment of the administrative and political classes of the society, i.e. there should be a focused administrative capability to wield the necessary political will to implement clearly defined policies that can transform the nation to industrialization. The experience of Nigeria indeed shows that the nation has never lacked in industrial policies. What is always absent is the political will, continuity and the enthusiasm of the administrative class; off course the consequence is that most policies were abandoned midstream. This paper reviews Nigeria’s industrialization milestones and their corresponding policies with a view to evaluating the challenges and opportunities since the past 70 years.

According to Anyanwu et al (1997), industrialization is the process of building up a nation’s capacity to convert raw materials and other inputs to finished goods for other production or for final consumption. Although industrialization involves activities in craft, mining, processing, and manufacturing, greater emphasis is given to manufacturing for the purpose of this paper. Accordingly, industrial activities are reviewed in five phases: the pre-independence era (1943-1959), the post-colonial era (1960-1969), the era of oil-boom (1970-1979), the decade of the 1980s, and 1990 and beyond.

2. Pre-Independence Era (1943-1959)

The pre-independence period of Nigeria featured considerable craft industries involving artifacts of wood, brass and bronze, leather, textiles, iron works, pottery, canoe carvings, bronze works, and embroidery. These industries featured at close proximity with the available raw materials, and following the superior competition of the factory system of production, they declined, particularly, as the motive of the imperial government was to obtain industrial raw materials from the country. The need then arose for valorization, which is the initial processing of raw materials with the object of removing waste matter, improving the quality, and converting the produce into a form that is easier to export. Onyemelukwe (1983)

To this end, palm oil mills, groundnut crushing mills, cotton ginneries, oil seed mills, power-driven sawmills and the likes became pioneer factories, followed by finishing operations factories such as printing, publishing, baking, furniture works etc. The nationalist political pressure for independence was accompanied by equal pressure for economic independence following which the colonial government passed the Aid to Pioneer Industries
Ordinance in 1952. This introduced very generous tax concessions, and in 1958, it was superseded by the Industrial Development (Income Tax Relief), which extended the period for claiming tax holiday and facilitated the procedure for obtaining pioneer certificates. Other features included accelerated capital depreciation, import duties relief, custom duties drawback regulations, the establishment of industrial estates, and guarantees for the repatriation of profits and dividends. Similarly, the European trading firms began to expand into manufacturing as a strategy for retaining their markets. The aggregate results of these actions were the establishment of a number of light consumer industries such as food canning, beer and soft drinks, cigarettes, etc as shown in table 1.


The first task of the post independence administration was to set out for itself the transformation of the country into a modern industrial economy with high priority on rapid industrialization as contained in the objectives of the first national development plan (1962-1968). Obviously, this was the inception of the Import Substitution Strategy, which entailed local manufacture of goods that were previously imported. The key objectives were to lessen over-dependence on foreign goods, and to save foreign exchange by producing those goods locally. No doubt, this strategy was responsible for the growth of indigenous entrepreneurs that were involved in the production of mainly consumer and intermediate goods, as it was also part of government’s objective to stimulate indigenous ownership and management of industries. It was conceived to build on the strength of the pioneer mills. Most small, medium, and large-scaled enterprises were producers of food, confectionaries, beverages, tobacco, textiles, wearing apparels, plastics, rubber products, soap, detergents, metal products and leather products. Indeed, the consumer goods industries dominated manufacturing activities and accounted for about 70 and 75 percent of value-added and employment in the manufacturing sector, respectively. To achieve this so far, the industrial policy was highly protective of the local industries with low tariff on imported inputs and high tariff on imported finished goods. In the mean time government’s effort was consistent and in fact paid off especially with the support from the regions that seemed to be competing among themselves. (Iwuagwu 2011). Evidently, the medium and large-scaled industrial plants in Nigeria increased from 150 plants at independence to 380 by 1965. Similarly, manufacturing as share of GDP rose from 4.2 percent at independence to 6.1 percent in 1964.

Unfortunately, these supports in the form of tariff and quota protection were accompanied by limited discipline to the effect that it encouraged the continued concentration on the same low technology light consumer goods industries. Also, the domestic goods failed to compete with imported goods in terms of quality, innovation, delivery, and even cost in spite of the various incentives. This was largely attributed to gross inefficiency and supply bottlenecks in
the management and utilization of inputs. For instance these plants were heavily import-dependent for capital inputs, and the poor management of the logistics involved meant that most of these factories never produced close to installed capacity. (Duru 2012). Again, it is strongly believed that the First National Development Plan did not achieve much, given that its objectives were not strictly implemented. Even the modest achievement recorded was undermined by the Nigerian Civil War between 1967 and 1970.

4. The Era of Oil Boom

After the civil war in 1970, government’s policy tilted toward reconciliation, rehabilitation and reconstruction. The essence of this policy was too apparent to be questioned. So, under the Second National Development Plan 1970–1974, the focus of industrial development was to promote even development and fair distribution of industries in all parts of the country, to ensure rapid expansion and diversification of the industrial sector, to increase incomes realized from manufacturing activities, to create more employment opportunities, to promote the establishment of heavy industries in strategic sectors that can earn foreign exchange, to continue the programme of import-substitution, to initiate indigenous manpower development schemes in the industrial sector, and to raise the proportion of indigenous ownership of industrial investments. (Federal Ministry of Information, 1970). These objectives as robust as they seemed, were deemed achievable, given that for the first time the nation had sufficient revenue from its first oil boom. Incidentally, this was also the beginning of prolonged military rule up to 1979, characterized by lack of proper economic planning, transparency and accountability.

As if in compliance with the prescriptions of Keynesian economics, and in justification of state intervention, government overzealously took over commanding heights of the economy, and in pursuance of the objectives outlined above, there was little surprise to note that industrial programmes of this era were characterized by investment in heavy industries whose locations were occasionally predicated upon the objective to “promote even development and fair distribution of industries“ rather than upon economic considerations. These industries include: oil refineries, petrochemicals, liquefied natural gas, fertilizer, machine tools, aluminum smelting, textiles, iron and steel and motor assemblies. The poor performance of these industries that continued to bleed cash, the phenomenal preference of foreign goods in lieu of local ones, and the sudden crash in oil prices left the federal government with accumulated debt obligations to discharge. (Ikpeze et al, 2004).

The greatest development of the period was, perhaps, the introduction of the indigenization policy as contained in the Nigerian Enterprises Promotion Decree of 1972, which reserved certain categories of industrial activity, mostly services and manufacturing, for Nigerians. (Ikpeze et al, 2004). It was promulgated to address the obvious foreign
domination of the Nigerian industrial sector, so it aimed at compelling foreign businesses in a large number of specified activities to transfer their ownership wholly or in part to private Nigerian investors and businessmen. (Kirk-Green, 1981). The Decree initially categorized businesses into two schedules with schedule 1 containing enterprises that were strictly for Nigerians while schedule 2 contained those enterprises in which Nigerians must have at least 40 percent share. Furthermore, under its 1977 amendment, business enterprises were re-categorized as follows into 100 percent, 60 percent and 40 percent equity participation by Nigerians in schedule 1, 2 and 3, respectively. Similarly, Nigerian Enterprises Promotion Board was set up to administer the decree, while Bank of Commerce and Industry (a public-sector bank) was established to provide leveraged buyout-typed financing for Nigerian purchasers.

Surprisingly, the indigenization policy hardly changed the control of neither the companies nor the relationship with their parent companies. In fact, the foreign owners still occupied almost all the strategic positions except, perhaps, the chairman of the board, perceived as mere ceremonial in nature. Meanwhile, the sudden drop of oil prices in the international market was also to have devastating shock on the industries particularly as they were mostly import–dependent, and there was need for government to rationally allocate its limited resources and foreign exchange in the face of dwindling oil revenue. The then prevailing policies of import licensing and exchange rates controls resulted in acute shortages of industrial inputs with adverse consequences on industrial production and capacity utilization. The sourcing and sale of import licenses became big business for many rent seekers. (Iwuagwu, 2011).

5. The Decade of the 1980s

With its involvement in all these industrial and economic activities coupled with the over-regulated financial system, government was stretched too thin to play its legitimate role of creating enabling environment given that a classical economic system was in place. Beginning from 1982, it was obvious that fundamental changes were necessary to turn the economy around. The same year economic stabilization act was promulgated, which effected reforms in exchange control, and fiscal and monetary policies such as: the reintroduction of pre-shipment inspection for spare parts and raw materials, banning the importation of certain items including frozen chicken and removing 29 other items from general license to specific import license, introduction of import duties or increase in the rates on 49 import items, among others. (Dagogo, 1999)

According to Iwuagwu (2011), this was background to the introduction of the Structural Adjustment Programme (SAP) in 1986. Essentially, SAP was introduced amidst a gloomy background of mounting external debt, unhealthy investment and the failure of the regime of
stringent trade and exchange controls, which had been pursued in the previous two decades. (FRN, 1986). SAP was designed as a package of economic adjustment to last for two years, and for the industrial sector particularly, it was to among other things encourage the use of local raw materials and intermediate inputs, encourage the development of local technology, assist in maximizing the growth of value-added of manufacturing activity, promote export orientation, generate employment through active private sector participation, remove constraints that hamper industrial development including deficiencies in infrastructures, manpower and administration, and liberalize controls to facilitate indigenous and foreign investment. (FRN, 1986). The target was to build a competitive economy. Thus, privatization and liberalization of aspects of economic activity were pursued, while the import licensing regime was abolished. At the same time, industries were encouraged to integrate backwards (or to look inward) in order to source their raw materials locally.

The 1988 industrial policy was the first of its kind that was completely different from the country’s overall economic development policy. Titled, Industrial Policy of Nigeria: Policies, Incentives, Guidelines and Institutional Framework, its mission was to make the industrial sector the prime mover of economic development. Its objectives were: to provide greater employment opportunities through industry; to increase export of manufactured goods; ensure dispersal of industries, improve technological skills and capability available in the country, increase local content, attract foreign capital, and, increase private sector participation in the manufacturing sector. (FMI,1988). This was to be made possible through the following strategies: promote increased private sector participation in the industrial sector, privatize and commercialize government holdings in existing industrial enterprises, serve as the catalyst in establishing new core industries, provide and improve infrastructures, improve regulatory environment, improve investment climate, establish a clear set of industrial priorities; and, harmonize industrial policies at the federal, state and local government levels. (FMI,1988). It is important to note that this policy was to operate within the general framework of the Structural Adjustment Program (SAP). SAP remarkably led to some initial improvements in the fortunes of the industrial sector. For instance, capacity utilization, which was 30 percent at the end of 1986, increased to 36.7 percent by mid 1987 and further to 40.3 percent in 1990 and 42.0 percent in 1991. (Dare-Ajayi, 2007). A practical example is the emergence of Nnewi auto technology SME cluster. Indeed, it was instrumental to the upsurge of small and medium-scaled enterprises (SMEs).

On the other hand, the financial liberalization policy associated with SAP led to inflation and low purchasing power of consumers, which ultimately forced industries to reduce staff strength and in some cases wind up. Also, trade liberalization under SAP caused massive inflows of all sorts of finished foreign products (second-hand or sub-standard) into the
country resulting in low patronage of local products. For instance, Ollor (2008) noted that import competing industries such as Peugeot Automobile Nigeria (PAN) raised serious alarm over the removal of protection which they have enjoyed for over a decade. They pointed to the social gains of protection – employment, technology transfer, market development, etc – likely to be lost by liberalization as they argued strongly against the imports of fully built up cars. It is then arguable that SAP led to the de-industrialization of Nigeria as it exposed local manufacturers to unfair competition from imports as those invading the local markets were cheaper, though sometimes inferior to the ones produced locally. That distortion in the system remains the bane of SME growth.

6. 1990 and Beyond

Government effort to consolidate the gains from SAP led to the adoption of the National Rolling Plans beginning with the 1990-1992 rolling plan, which incorporated the industrial master plan (IMP), designed to address the following issues: shortage of industrial raw materials and inputs, infrastructure challenges, inadequate linkage among industrial subsectors, and administrative and institutional problems. Secondly, the Rolling Plan was instrumental to the pursuit of privatization of public enterprises undertaken by the Technical Committee on Privatization and Commercialization (TCPC). Thirdly, there was a deliberate policy to grow and support small scale industries particularly for their roles in furthering forward and backward linkages. Other efforts include the establishment of industrial estates and entrepreneurial development programmes (EDP). The aim was to develop a corps of entrepreneurs needed for successful implementation of the small scale industrialization strategy. (FMI&T, 1992). A new industrial policy was released by the Federal Ministry of Industry in 2003. The overriding objective was to accelerate the pace of industrial development by radically increasing value-added at every stage of the value-chain, as government pursues knowledge and skill intensive production on the basis of available best practices. (FMI, 1988).

To achieve this objective, government was willing to partner with the private sector and to sort out the problems of funding. To this end, the Bank of Industry (BOI) was established to lend to the industries, while Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) was set up to facilitate the availability of primary industrial inputs through the provision of medium to long term funds for agriculture and agro-allied industries.

In 2001, an appraisal of the various past schemes and incentives aimed at promoting SMEs disclosed that finance is by no means the only or core constraint to SME development, and that managerial and technical incompetence was as important as the perennial lack of funds. (Sanusi 2003). Government’s reaction to this revelation was to shift from the usual debt financing to equity financing. Facilitated by CBN, it was known as Small and Medium
Enterprises Equity Investment Scheme (SMEEIS). Thus, SMEEIS which is characteristically venture capital became the launch pad for private equity finance as special incentive for Nigerian SMEs. Here, banks were encouraged to dedicate 10 percent of their annual profit for equity investment in SMEs. The banks were further encouraged to form consortiums of venture capital firms just as SME managers Ltd did, or establish their own venture capital subsidiary, just as First Funds Ltd did. This scheme, which was instrumental to the industrialization of many nations, had failed in Nigeria since 2009 barely seven years after its formal inception in 2002. Some of the reasons for its failure are: difficulty in drawing down fund for investment, and unwillingness on the part of Nigerian entrepreneurs to partner with banks. Other efforts include strengthening the National Office for Technology Acquisition and Promotion (NOTAP), promoting the Export Processing Zones (EPZ), and strengthening the Nigerian Investment Promotion Commission (NIPC) essentially to control and administer incentives to attract investments.

6.1 Infrastructures and the Industrial Cluster

It is important to acknowledge the fact that absence of basic infrastructures had been the bane of our industrialization campaign. For instance, poor performance in the power sector in Nigeria meant that Nigerian factories must experience at least ten power outages per week, and that every firm although connected to national power grid, must invest in its own power supply that cost at least N750 or $4.5/kwh to generate (Stein, 2001). Successive governments particularly since1999 have attempted to improve the energy sector. Under the National Integrated Power Project (NIPP) government has undertaken to build eleven thermal stations at Benin, Calabar, Egbema, Yenagoa, Sapele, Omoku Omotosho (Ondo State), Olorunsogo (Ogun State), Alaaji, Geregu, and Ikot Abasi. Together with existing facilities, government targets to generate 40,000 megawatts of electricity by 2020. The realization of this target is already fraught with the challenge of constructing gas pipelines expected to cost N750 billion or $4.5 billion, which requires both appropriation and third party funding. It is feared that with zero budgetary allocations already encountered in few years back and with the relatively low electricity tariff of N7 or $0.042 per kilowatt, the nation will be up to a long wait to settle the perennial power problem.

Iwuagwu (2011) noted that between the end of 2006 and the first half of 2007, Nigeria’s industrial sector passed through very difficult period, and had to grapple with numerous challenges including low capacity utilization resulting from poor state of infrastructure, absence of venture capital, high cost of capital, poor macroeconomic environment (including inadequate regulation), insecurity, multiple taxation, etc. All these combined to bring industry’s contribution to National GDP to just a little over 4 percent. Expectedly, some manufacturing companies even shut down, while others migrated to neighboring countries
where the business environment was considered friendlier. Such was the baseline when the cluster concept was proposed as the new industrial development strategy. It was not exactly a new policy but a refocusing of the implementation of the industrial estates concept that will enable entrepreneurs locate production and manufacture close to the source of all or most parts of the inputs needed in the production process.

The Cluster Concept it was argued, would create a community of businesses located together in which members would seek enhanced environmental and corporate performance towards effective global competitiveness. It would also enable government to concentrate infrastructures and other common facilities for business operators in identified locations (FMC&I, 2007). The Cluster Concept had been designed to operate on five planks: Free Trade Zones, Industrial Parks, Industrial Clusters, Enterprise Zones, and Incubators. Export Processing Zone at Calabar and the Oil and Gas Free Zone at Onne are examples of clusters. The following four clusters were established through the intervention of UNIDO: the Nnewi automobile SME cluster, Aba shoe and leather products SME clusters, and the Kano leather cluster.

A comparative review of venture capital financing and its impact on enterprise development in US, Europe and Asia revealed certain critical success factors that may provide lessons in the use of private equity to grow Nigeria’s industry as an emerging market. These factors include: attractive fiscal and legal framework, stock option plans to attract and retain talents, pool of management experts and business strategists that can support entrepreneurs to run venture capital-backed companies, linkages with research institutions and technology parks, intellectual property rights protection, efficient exit mechanisms for investors, second chance to entrepreneurs whose businesses went bankrupt, corporate venturing, and research and development to promote high-technology industries without downplaying the strategic importance of the low-technology industries in the economy, (Dagogo, 2012).

7. Method of Evaluation

Nigeria’s industrialization between 1943 and 2013 was divided into five eras, namely the pre-independence era (1943-1959), the post-colonial era (1960-1969), the era of oil-boom (1970-1979), the decade of the 1980s, and 1990 and beyond. The industrial development policies of each era were evaluated by identifying possible challenges and opportunities, and by examining their impacts on industrialization. This obviously is a review paper and did not employ empirical tool. Accordingly, volumes of government documents, research materials, and reports from government agencies formed the basis of this review. The results and conclusion were therefore based on theoretical deductions evident in the literature reviewed. Similar works were conducted by Dare-Ajayi, (2007) on trends and patterns in Nigeria’s
Industrial development; Mike (2010) on banking sector reforms and the manufacturing sector in Nigeria; and Oputu (2010) on banking sector reforms and industrial sector.

8. Critical Observations

After a diligent review of industrial development history, the following critical observations were made:

a. Nigeria was a late-starter in the race towards industrialization, but so also was Malaysia. Both countries owed it to the British imperialist regimes. Malaysian Import Substitution strategy of the 1960s worked well and led to its Export Orientation Strategy in the 1970s with the aid of its export processing zones, while continuing to nurture the domestically oriented industries. Nigeria’s import substitution strategy was discontinued, and we have never transited to export orientation strategy, even if it continued to be our wish in industrial policy statements and plans.

b. There have been multiplicity of industrial policies, most of them were either abandoned by succeeding governments or were interrupted by exogenous factors. Again, some were mere semantic differences as the concepts and models for achieving progress remained the same. For instance, development of industrial estates, villages or clusters was a recurring decimal beginning from the Colonial development and Welfare Act 1946.

c. Nigerian Industrial sector has not received the attention it deserves either in relation to other sectors or in relation to other nations in pursuit of industrialization. For instance, Nigeria’s power generation up to 2012 was still 4,300 MW and its average manufacturing sector’s contribution to GDP in 1943-1959 of 4% compares with (in fact is slightly higher than) that for 2000-2009 of 3.9%. See table 2, figure 1. This clearly show significant different between both periods.

d. SMEEIS was designed in the same way as America’s Small Business Investment Corporations (SBICs) and India’s Industrial Development Bank (IDBI), both of which advanced development of venture capital in their countries in the 1950s and 1980s, respectively. Nigeria’s SMEEIS failed, leaving SME investors and entrepreneurs with opportunity cost. Table 3 shows the Cumulative investment by banks in 333 projects to be N29 billion or $173 million.

9. Conclusion

Nigeria has had its fair share of development plans and industrial policies, but that the industrial sector contributes only 4 percent to national GDP is an indication of failure of the planning agencies or implementation agencies or both. Given that these policies were instrumental to the successes of other economies, it is easy to conclude that perhaps in stepping down or replicating policies (as it is often the case), our local peculiarities were
neither accounted for nor modeled into the implementation processes. Again, a common thread that runs through World Bank reports on Sub Saharan Africa (SSA) is that poor government policy has been responsible for the poor growth record of SSA countries, including Nigeria. Essentially, this complements my conclusion and points to the importance of building-in local factors in policy formulation. This I trust could lead to the attainment of Nigeria’s vision of becoming one of the top 20 economies of the world by 2020.

REFERENCES


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New York: Palgrave MacMillan


**Appendix**

**Figure 1**

![Manufacturing sector's Contribution to GDP](image)

Sources: CBN Statistical Bulletin 2010 and World Bank Country Meta Data
Table 1: Gross Product of Manufacturing (Nm)

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<tr>
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<tbody>
<tr>
<td>Bakeries</td>
<td>*</td>
<td>0.1</td>
<td>0.4</td>
<td>0.6</td>
<td>3.1</td>
</tr>
<tr>
<td>Oil Milling</td>
<td>0.7</td>
<td>0.7</td>
<td>4.3</td>
<td>5.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Margarine</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
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<tr>
<td>Beer and Soft drinks</td>
<td>0.6</td>
<td>1.5</td>
<td>3.4</td>
<td>5.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Tobacco</td>
<td>2.8</td>
<td>4.5</td>
<td>4.2</td>
<td>4.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Textiles</td>
<td>*</td>
<td>0.1</td>
<td>0.8</td>
<td>1.2</td>
<td>2.7</td>
</tr>
<tr>
<td>Rubber Processing</td>
<td>*</td>
<td>0.3</td>
<td>1.2</td>
<td>2.7</td>
<td>14.2</td>
</tr>
<tr>
<td>Tanning</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>0.1</td>
<td>1.2</td>
</tr>
<tr>
<td>Sawmilling</td>
<td>1.0</td>
<td>2.6</td>
<td>3.1</td>
<td>3.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Cement</td>
<td>-</td>
<td>-</td>
<td>0.7</td>
<td>2.3</td>
<td>-</td>
</tr>
<tr>
<td>Total Manu. Production**</td>
<td>6.3</td>
<td>12.9</td>
<td>21.8</td>
<td>31.3</td>
<td>0.8</td>
</tr>
</tbody>
</table>

* Amounts are less that N100,000

**P N C Okigbo Estimates of Economic Planning Unit, Nigerian National Accounts

Table 2: Indicators of Industrial Activities

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<tbody>
<tr>
<td>1</td>
<td>Commercial Loans and Advances to Manufacturing Sector (%)</td>
<td>11.82</td>
<td>22.97</td>
<td>32.9</td>
<td>44.8</td>
<td>22.3</td>
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</tbody>
</table>

Sources: CBN Statistical Bulletin 2010 and World Bank Country Meta Data
### Table 3: Cumulative Investment by Banks under SMEEIS up to 2009

<table>
<thead>
<tr>
<th>As at Year</th>
<th>Number of Projects</th>
<th>Amount Disbursed ($m)</th>
<th>Amount Set Aside ($m)</th>
<th>Fund Utilization Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>173</td>
<td>60.000</td>
<td>182.516</td>
<td>33</td>
</tr>
<tr>
<td>2005</td>
<td>187</td>
<td>60.510</td>
<td>199.400</td>
<td>30</td>
</tr>
<tr>
<td>2006</td>
<td>248</td>
<td>109.922</td>
<td>246.612</td>
<td>45</td>
</tr>
<tr>
<td>2007</td>
<td>302</td>
<td>136.425</td>
<td>241.400</td>
<td>57</td>
</tr>
<tr>
<td>2008</td>
<td>332</td>
<td>168.058</td>
<td>271.122</td>
<td>62</td>
</tr>
<tr>
<td>2009</td>
<td>333</td>
<td>181.961</td>
<td>271.112</td>
<td>67</td>
</tr>
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</table>

Source: Returns from Banking Supervision Department, CBN
### Table: Evaluation of Industrial Development Policies 1943-2013

<table>
<thead>
<tr>
<th>S/N</th>
<th>Periods/Year</th>
<th>Industrial Development Policy</th>
<th>Targets and Objectives</th>
<th>Challenges</th>
<th>Opportunities</th>
<th>Impact on industrialization profile and the Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1943-1959</td>
<td>Aid to Pioneer Industries Ordinance (1952)</td>
<td>To stimulate the establishment of modern industries, eliminate poverty and create employment</td>
<td>Generous tax concessions</td>
<td>Slight upsurge in output of pioneer mills and establishment of new ones</td>
<td>Output was not sustained as policy was replaced shortly</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Industrial Development (income tax relief) 1958</td>
<td>Same</td>
<td>Extension of period of tax concession, import duty drawback, and establishment of industrial estates. The political will</td>
<td>Trading companies e.g. UAC induced into manufacturing. Establishment of consumer industries</td>
<td>Policy was interrupted by federal system adopted at independence.</td>
</tr>
<tr>
<td>3</td>
<td>1970-1979</td>
<td>Controlling the commanding height. (2nd National Development Plan, 1970-1974)</td>
<td>To promote even development. To promote fair distribution of industries To ensure diversification To establish heavy industries To design and promote indigenous manpower development in industry</td>
<td>Huge revenue from oil. Government direct investment and involvement in industry. Poor management. Wrong location choice Funding Energy</td>
<td>Industrial training fund (ITF) established. Some white elephant projects embarked upon: Iron and steel, fertilizer, petrochemical, etc Over-enthusiasm from huge oil earnings</td>
<td>Some did not take off as scheduled; expected impact became illusive even for those that took off because of poor management.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indigenization Policy</td>
<td>To compel foreign businesses</td>
<td>Nigerian Enterprises</td>
<td>Nigerian chairmen of</td>
<td></td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Year</th>
<th>Policy/Programme</th>
<th>Objectives</th>
<th>Strategies/Measures</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972-1977</td>
<td>Nigerian Enterprise Promotion Decrees</td>
<td>To transfer ownership to Nigerians: Schedule 1: 100% ownership Schedule 2: 60% ownership Schedule 3: 40% ownership</td>
<td>Promotion Board set up to implement objective. Establish Bank of Commerce and industry to provide leverage buyout funds.</td>
<td>Majority equity holdings in enterprises. Strategic positions still left with foreigners.</td>
</tr>
<tr>
<td>1980-1989</td>
<td>Structural Adjustment Programme (SAP) 1986</td>
<td>To diversify the production base To reduce dependence on oil and imports To achieve balance of payment equilibrium and sustainable economic growth To reduce investment in public sector expenditure</td>
<td>Liberalize external trade and payment system. Adopt market-based pricing policies. Reduce complex administration controls. Rationalize public expenditure. Liberalize financial sector dealing with public reactions.</td>
<td>Manufacturing contribution to GDP dropped from 7.13% in the previous era to 5.6%. Manufacturing Sector’s contribution to Export also dropped from 0.32% to 0.13%. Increase in the number of banks Reduction in capacity utilization from 75.4% to 50.3%. Spontaneous emergence of SME clusters. E.g. Nnewi auto mechanic SME cluster</td>
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<th>Year</th>
<th>1990 and beyond</th>
<th>1992 First Rolling Plan</th>
<th>To attack the problem of Raw material shortage. To face infrastructure challenges. To increase manufacture value added. To encourage export orientation</th>
<th>Undertake privatization and commercialization of public enterprises. Established industrial layouts and craft villages</th>
<th>Efficiency in some enterprises privatized. Rising enthusiasm by youths to own small businesses.</th>
<th>Outcomes were not sustained. Privatization and commercialization exercises were not transparent, so desired impacts were not felt.</th>
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<td>2001 SMEEIS</td>
<td>To facilitate the flow of equity funds for the establishment of new SMEs. To stimulate the economic growth, develop local technology and generate employment through SMEs. Provide financial, technical and managerial support to SMEs</td>
<td>Government to provide investment allowance. Banks to commit 10% EBIT as equity contribution to finance SMEs. SEC to facilitate registration of venture capital firms</td>
<td>Cumulative investment by banks (2001-2009) in 333 projects was over N29 billion (or $182 million). Cumulative amount set aside in the same period was over N43.4 billion (or $271.1 million. Fund utilization rate was about 50%</td>
<td>Venture capital backed SMEs out-performed non-venture capital backed SMEs in profit, employment, sales and economic value added (EVA) (Dagogo 2006). SMEEIS was discontinued in 2009. And unused funds transferred to BOI for financing MSMEs</td>
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