

## A CRITICAL REVIEW OF NIGERIA INDUSTRIALISATION AND INDUSTRIAL SUPPORT STRATEGIES

BY

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### **Abstract**

*Nigeria is a country of about 160 million people and has been independent since October, 1960. The country is rich in cultural, ethnic, linguistics, religious and political diversity. This paper reviews the impact of poor implementation of a dozen or so of policies, schemes and programmes designed to promote industrialisation, create employment and foster economic growth. The paper is literature survey type, relying on documented evidences and research findings. The paper found that Nigeria's industrial support strategies are mostly compromised by the people entrusted to implement and bring the benefit to the intended beneficiaries and the economy in general. It is therefore recommended that the policies, programmes and schemes should be redesigned to remove areas of duplications, conflict of interest and eliminate chances of officials compromising the programmes.*

**Key Words:** *Corruption, Industrialisation, Programmes, Strategies, Literature-survey*

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### **Introduction**

In many respects, sub-Saharan Africa remains the world's poorest region of which Nigeria is one. Notwithstanding the encouraging turnaround in economic performance and a steady progression towards institutionalizing the rule of law in many countries, average living standards is far below those in the rest of the world. Nearly half of sub-Saharan Africa's 690 million people live on less than one US Dollar per day (Jerome 2005).

Nigeria is a country of about 160 million people and has been independent since October, 1960. The country is rich in cultural, ethnic, linguistics, religious and political diversity. However, bribery and corruption are widespread, hindering the provision of critical infrastructure for meaningful development of the country. As the world strives towards achieving the millennium development targets, Africa and especially Nigeria faces enormous challenges occasioned mostly by pervasive corruption. According to the 2003/04 projections by the OECD/African Development Bank Economic Outlook for Africa, only six countries are on track in achieving the first goal of halving the proportion of people living below \$1 dollar per day by 2015 while the rest of the continent is receding. The situation is virtually the same till date.

The World Bank (1994) identified three distinct aspects of governance: the form of political regime; the process by which authority is exercised in the management of a country's economic and social resources for development; and the capacity of governments to design, formulate and implement policies and discharge functions. However, of all the three governance aspects the most critical is public sector management in relation to fiscal operations of the government. Reforming public institutions with the intention of making them effective for achievement of policy objectives is therefore an essential requirement for industrial development and economic growth.

The aim of this paper therefore, is to review the impact of poor implementation of a dozen or so of policies, schemes and programmes designed to promote Industrialisation, create employment and foster economic growth in Nigeria.

### **Industrial Policy and Industrialisation**

According to Lall et. al. (1999) industrial policy comprises of the totality of government policies directed towards industrialisation such as industrial, trade, education/training, labour, macroeconomic and technology policies. Johnson (1985:8) defines industrial policy “as the initiation and coordination of governmental activities to leverage upward the productivity and competitiveness of the whole economy and of particular industries in it”. Industrial policy can therefore, be referred to as the activities of public authorities that affect, directly or indirectly, the performance of the manufacturing sector of the economy. Industrialisation on the other hand can be defined as the process of deliberate and sustained application and a combination of suitable technology, management techniques and other resources to move an economy from the traditional low level of production to a more automated and efficient system of mass production (CBN, 2000). Industrialization is also defined as the policy of establishing many industries in different parts of a country. Industrialization has been generally accepted as the surest and most direct route to economic growth and development of a country. For a country to be industrialized however there should be growth in related sectors of the economy. Industrialisation has the potential to propel economic growth and development and hasten the transformation and diversification of economies (Adam, 2005). Industrialisation also enables an economy to use fully its factor endowments, gain international trade advantages and improve the standard of living of its citizens. The industrial sector of an economy consists of manufacturing, mining/quarrying, construction and utilities.

The need to promote international trade and earn foreign exchange is the real reason for pursuing industrialisation as argued by Rajapatirana (1987). This he argued is because foreign trade allows countries to realize gains by subjecting domestic production to foreign competition that enables them to have access to wider market and achieve economies of scale. For instance industrial policy in the East Asian Region is geared towards strong export orientation and import substitution as well as overcoming specific market failures in the areas of technology and learning processes. The policy also promoted strong collaboration between the government and the private sector. Therefore, according to the World Bank (1994), the success of the Asian Tigers was due to market forces and the near absence of selective government intervention policies.

The overriding objective of industrial policy is therefore to accelerate the pace of industrial development by radically increasing value-added at every stage of the value chain. Federal Ministry of Industry (1988) asserts that “Nigeria's Industrial Development strategy will encourage forward and backward linkages within a few chosen niches. Government will continue to provide the enabling environment for private sector leadership, facilitate renewal for sunset industries, and encourage innovators. It will specifically promote small and medium enterprises”. The aim of industrial promotion strategy is usually to generate additional economic activity over and above what would have occurred in the absence of government intervention. Across the globe, policy makers are seeking to create an attractive business environment that will favour smaller enterprises, and allow such firms to be established and then fulfill their potential of enabling industrialisation to take place. However, in Nigeria the prospects for these developments to happen have been hindered by pervasive corruption in the system.

### **Review of Nigeria’s Industrialization Policies and Strategies**

Industrialization is the process of manufacturing consumer and capital goods and of creating for provision of goods and services for consumers and business. Industrialization is a pre-requisite for economic development. For an economy to be developed the share of the industrial sector should rise and that of the agricultural sector decline. This is possible only through a deliberate policy on industrialization (Jhingan, 2000).

Since Nigeria's Independence in 1960, industrialization has been recognized as the critical factor to the economic transformation of the country. To achieve the desired result, government had, for the first two and half decades after independence, focused its industrial policy mainly on the promotion and establishment of large-scale industries (LSIs) in pursuance of import substitution industrialisation policy. The promotion of Small Scale Industries (SSIs), on the other hand, received relatively low direct Government investment, and was left to the initiatives of the local private entrepreneurs.

The first major attempt at creating a foundation for the industrial development of Nigeria was through the first National Development Plan (1962-1968). The focus of the industrialisation policy then was towards the production of made in Nigeria consumer goods through import substitution industries. Lack of capital was identified as the main inhibition factor to the growth and development of small scale industries. To address that problem, the Federal Loans Board was established to provide revolving facility to cater for capital needs of small scale industrialist. The second national development plan (1968-1973) continued the government policy of giving active support to the promotion and the development of small scale industries in Nigeria. However, the revolving loan scheme of the Federal Loans Board (FLB), though sustained in the second development plan, it failed, mainly due to misconception that finance was the only problem of the small scale entrepreneurs (Schatz, 1965; Bachama, 2010).

Regional governments in Nigeria deliberately promoted industrialization even without any formal industrial policy. In the first three years of independence value added in manufacturing grew by an average of 11.4 percent per annum. Rapid growth of manufacturing and diversification of industrial activity were major objectives of industrial sector development as articulated in the various national development plans (1962 – 1968, 1970 – 1974 and 1975 – 1980). By 1965, manufacturing as a share of GDP had grown to 6 percent up from 5 percent at independence (Ikpe et.al, 2002).

Availability of resources immediately after the Nigerian civil war occasioned by the oil boom enabled the government to pursue its post war programme of reconstruction, rehabilitation and reconciliation. It was a decade of massive direct government investment in manufacturing. Government becomes an almost total monopoly in some sub- sectors of the industry. The new wealth provided the means to maintain, for example the high appreciation of the exchange rate, the unsustainable consumption level, government investment in all manner of industries and sections of the economy etc. Industrialization was largely state-led at the time and much of private sector entrepreneurial activities were devoted to chasing rents from government (Ikpe et.al. 2002; Ijaiya et.al 2009; Alao, 2010). It was thus not surprising that at the end of the oil boom, the private sector was still feeble and accounted for an inconsequential proportion of the total industrial sector output to GDP (Amakom, 2008).

**Review of Industrial Promotion Strategies:** Decades since independence has seen quite a number of economic policies devoted to promoting rapid industrialization. Dozens of promotional incentives has been tried but paradoxically; there seem to be an inverse relationship between the number of such intervention and actual performance (Ikpe et.al. 2003). The missing link here is a detailed evaluation of the promotional measures (incentive structure)

in terms of their value for money effectiveness (Amakon, 2008) Nigeria's incentive regime most at times confuses and frustrates investors, its targeted clientele. Criticism of the system is not louder, possibly because most investors do not bother applying for them or pursue an alternative incentive route instead. Few firms actually benefited from some of these incentives, and most of them expressed the opinion that it was not worth spending the time applying for them.

**Indigenization Policy of 1972:** The 1972 indigenisation policy was adopted following the apparent failure of the import substitution industrialisation strategy. The major objective of the policy was to strengthen the Nigerian economy, the transfer of ownership and control to Nigerians with respect to certain enterprises which hitherto were wholly owned and controlled by foreigners, the creation of opportunities for Nigeria's indigenous entrepreneurs and the encouragement of foreign investors to move from less sophisticated areas of the economy to the areas where large investments are needed (Udah, 2010).

The federal government realized that the pattern of ownership in the manufacturing sector had become heavily skewed in favor of foreigners due to the special incentives and the guarantee against nationalization. Buoyed by the massive oil revenue as fallout of the oil boom, the military government embarked upon an indigenization policy to reverse the dominance of foreigners in the industrial sector of the economy (Amakon, 2008). However, the real intention of the policy was to a large extent subverted by foreign firms, which proved to be adept at using Nigerians as fronts to corner businesses in the forbidden areas of industrial activities (Ikpe et. al, 2002).

The 1972 Act that brought the Indigenization Policy was repealed and replaced in 1977 with Nigerian Enterprises Promotion Decree. The 1977 revision of the decree turned out to be an abortive attempt at using a single policy tool to achieve three distinct objectives. Simultaneously trying to accomplish indigenization, diversification and Nigerianisation of management in one fell swoop has been likened to using a few equations to find too many unknown answers (Adejuge, 1980). This policy was finally abolished in 1986 with the introduction of Structural Adjustment Program (SAP), which sought to liberalize the Nigerian economy and allow for private-sector led economic development.

Consistent with the mentality of catch-up industrialization adopted at independence, the indigenization policy saw the government investing its new found oil money in the industrial sector focused on the so called core industrial projects notably, Iron and steel, paper, fertilizer, petrochemical, oil refineries, machine tools etc. The justification for this investment pattern is that they are capital intensive and thus, beyond the scope of local entrepreneurs (Ikpe et.al. 2002; Udah, 2010; Ijaiya et.al, 2009). This is however, consistent with the attitude of policy makers in Nigeria ignoring the obvious for the fanciful in order to create avenue for personal aggrandisement. The pattern of investment suitable for the country at that time was the promotion of small and medium scale enterprises which can be nurtured and managed by indigenous entrepreneurs.

**The Structural Adjustment Programme Era:** By the beginning of the 1980's it was obvious that both the indigenization policy and the import substitution industrialization have failed. The year 1982 signifies the end of an era with the collapse of the international oil market. With this collapse, Nigeria's structural defects which had been papered over by the oil boom came to the fore. Foreign exchange difficulties became acute and the entire manufacturing sector was in serious trouble. This adversely affected capacity utilization generally and particularly, in the large-scale industries (Ugwuh, 2004). This ugly scenario necessitated a change in

government's industrial policy direction towards private sector participation, promotion of Small and Medium Enterprises (SMEs) and development of Small Scale Industries (Ojowu, 1989).

The economic realities of the early 1980's demonstrated that economic policy should not be business as usual. The need for a fundamental economic reform has therefore become obvious. By 1986, the military government adopted the Structural Adjustment Programme (SAP). The key objectives of The SAP programme with respect to industrial policy were to: a) Encourage the accelerated development and use of local raw materials and intermediate inputs rather than depend on imported ones; b) develop and utilize local technology; c) maximize the growth in value added of manufacturing activity; d) promote export oriented industries; e) generate employment through the encouragement of private sector small and medium scale industries; f) remove bottle-necks and constraints that hamper industrial development including infrastructural, man-power and administrative deficiencies; and g) liberalize controls to facilitate local and foreign investment (Amakom, 2002).

If the colonial performance of the manufacturing sector under Import substitution Industrialisation (ISI) strategy necessitated a fundamental change of policy, the outcomes under the new policy regime have not been better. Since the 1990's manufacturing value added as a share of GDP has stagnated and as at 2000 and 2009 was 4.9% and 4.19% of GDP (less than the 5.3% at independence in 1960) respectively, capacity utilization has remained at around 35% and manufacturing employment has declined, despite the fact that raw materials and capital goods imports gulp about 60% of Nigeria foreign exchange earnings (Ikpe et.al. 2002). Perhaps it was the frustration with the failures of the old industrial policy as a patchwork of ad-hoc measures that informed the need to systematically articulate a comprehensive industrial policy for the country. Thus, in 1988 the Babangida's government launched the first formal industrial policy of Nigeria and in 1990, the first trade policy was also launched (Amakom, 2008). The 1988 Industrial Policy of Nigeria did not only recognize the pivotal role of the private sector but shifted industrialization strategy from large scale industries to small and medium industries. The implementation of SAP's strategy of liberalisation and deregulation of the economy and especially interest rates, made the interest rates to rise very high thereby, making it almost impossible for Small Scale Industries to borrow funds from the formal financial sector (Ekpenyong et. al., 1992). Prior to SAP the small business sector were given concessionary interest rates and favourable sectoral credit allocation by the CBN (Onugu, 2005).

Amidst the implementation of the indigenisation Acts of the 1970's and the SAP of the mid 80's a number of schemes and programmes have been introduced with the sole intent of boosting the performance of the manufacturing sector generally and that of the small scale industries sub-sector. Some of these were, the establishment of institutions like Industrial Development Centres (IDCs,) in the 70's, Research and Development Institutions, Nigeria Industrial Development Bank (NIDB) in 1964, Nigeria Bank for Commerce and Industry (NBCI) in 1973, Small Scale Industries Loan Scheme (SSICS) in 1971, National Economic Reconstruction Fund (NERFUND) in 1989, Peoples Bank of Nigeria (PBN) in 1989, Community Banks in 1992, Nigeria Export Import Bank (NEXIM) and Family Economic Advancement Programme (FEAP) in 1997. In addition to all these, there were also other multi-lateral agencies funded SME promotion schemes like, The African Development Bank /Export Stimulation Loan (ADB/ESL) in 1989, World Bank SME II Loan Scheme in 1990 and ADB/NBCI Industrial line of Credit in 1992.

**Industrial Policies Under The Current Civilian Regime:** These policies and schemes include, the launching of the Nigerian Industrial and Trade Policy in 2003, the Small and Medium Scale Industries Equity Investment Scheme (SMIEIS) in 2001, Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in 2003, Bank of Industry (BOI) in 2004, National Economic Empowerment and Development Strategy (NEEDS) in 2004, The Micro Finance Banks Policy in 2004, the CBN's N200 billion SME Loan in 2010 and N200 billion SME Credit Guarantee Scheme also in 2010.

The Small and Medium Industries Equity Investment Scheme (SMIEIS) Fund, was instituted in response to the Federal Government's concern and policy measures for promotion of small and medium enterprises, as vehicles for rapid industrialization, sustainable economic growth and development, poverty alleviation and employment generation (Anyanwu et. al., 2003). The scheme was a voluntary initiative of the Banker's Committee, which requires all banks to set aside 10% of their pre-tax profit, for equity investment and promotion of small and medium industries (SMIs) in Nigeria, as part of their contribution towards stimulating economic growth, developing local technology and generating employment (Udoh et. al; 2011, Ughulu, 2007).

The specific objectives of the scheme as noted by Anyanwu, et. al. (2003) includes: a) facilitate the flow of funds for the establishment of new small and medium industries (SMIs) projects, b) to develop and package viable industries with Nigerian entrepreneurs, c) to provide venture capital and management that would spearhead the restructuring and financing of the small and medium scale industries (SMIs), d) to stimulate economic growth, develop local technology and generate employment.

The scheme provides for the funds invested by the banks to be in form of equity investment in eligible firms. Banks are allowed to take up to a maximum of 40% equity holding subject to a limit of N200 million per enterprises. A consortium of banks can jointly invest in an enterprise subject to the 40% equity holding limit. The scheme also provides for the allocation of 90% of the entire amount set aside by the banks to the real sector while the remaining will be allocated to micro/cottage enterprises (Udoh et.al, 2011; Ughulu, 2007).

The launching of SMIEIS was followed by the establishment of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) by an Act of the National Assembly (as amended) (SMEDAN/UNDP, 2008). The agency was assigned to promote, facilitate and coordinate all government policies on Micro Small and Medium Enterprises (MSMEs), (NEEDS, 2004). In order to consolidate the role of SMEDAN a new national policy on Micro, Small and Medium Scale Enterprises (MSMEs) was launched in March 2008. The fundamental objectives of the policy, according to the report, are to provide an overall framework of action as a guide for well-focused, harmonious and coordinated programming by all actors and evaluation and monitoring of stakeholders' activities.

In an effort to ensure the realisation of the possible achievements of the objectives of the preceding policies, the Federal Government in 2004 launched the National Economic Empowerment and Development Strategy (NEEDS). Under this development policy, the private sector was identified as the engine of growth. The private sector is the executor, investor and manager of businesses. While the government is the facilitator and regulator, helping the private sector to grow, create jobs, and generate wealth (NPC, 2004).

This policy document expressly identified economic growth as the basic instrument for employment creation and poverty reduction. It recognises that the promotion of the private

sector, and by implication, small and medium scale enterprises is the main stimulus for economic growth and development, employment generation and wealth creation (NPC, 2004).

The Bank of Industry (BOI) is an amalgamation of three development finance institutions – Nigeria Industrial Development Bank (NIDB), National Economic Reconstruction Fund (NERFUND), Nigeria Bank for Commerce and Industry (NBCI), Industrial Development Insurance Brokers (IDIB) and Leasing Company of Nigeria (LECON). It was introduced as a development finance institution to accelerate Nigeria's industrial development through the provisions of term loans, equity finances and technical assistance to industrial enterprises. The orientation of BOI has been developmental in nature to make a considerable impact in terms of long-term financing, employment generation, industrial dispersal and promotion of indigenous entrepreneurship (Amakom, 2008). However, pressure on the government on the need to unbundle the amalgamation of NERFUND with NIDB and NBCI, the government later excised NERFUND from the Bank of Industry and made it independent as it were before. This is aimed at enabling the institution to continue on its set objectives which are more or less distinct from that of Bank of Industry as it is presently constituted.

During the period 2002-2007, manufacturing industries in Nigeria generally enjoyed a concessionary tariff on imported raw materials of 5% for most raw materials; an import duty of between 2.5% - 5% on machinery, and excise duty on machinery of about 20% with VAT exemptions during the period (Umar, 2008). During the same period, local sourcing of raw materials by manufacturers averaged about 51.7% in 2002, 54.05% in 2003, 55% in 2005, and 55.5% in 2007 (Umar, 2008). Capacity utilization was also increasing steadily from 54.9% in 2002 to 54.80% in 2005 and to 55.84% in 2008 (CBN, 2009). This may be attributable to relative macroeconomic stability and favourable business environment prevalent during the period.

Appraisal of the civilian regimes policies and schemes shows that the small and medium industries equity investment scheme (SMIEIS) was applauded as the solution to the entrepreneurial difficulties of the Nigerian small scale investor because it is considerably different from previous policies that were debt based. It was hoped that the scheme would revitalise the Nigerian real sector and contribute towards diversifying the economy and ensure the emergence of the Nigerian *Keiretsu*. This scheme was based on the concept of venture capital (VC) financing which corresponds to the financial history of today's major world corporations that actually started with venture capital financing (Dagogo et. al, 2009).

The scheme recorded significant achievement in terms of sectoral and geographical distribution of investments. The sum of N42.025 billion was set aside by banks for investment in SMIEIS projects, out of which N28.204 billion was invested in 333 projects as at 30<sup>th</sup> June, 2009 (CBN, 2009). Of the 333 projects funded by the scheme 205 are in the real sector. However, out of the sum of N28.204 billion invested as at 30<sup>th</sup> June, 2009, only N8.104 billion is invested in 144 manufacturing projects. Tourism and Leisure which was not part of the scheme initially, received investment of N7.454 billion in 23 projects.

Out of the 333 projects sanctioned only 41 are in the entire Northern Region while the rest 292 are in the Southern Region. The entire six states of the North East got only one investment in Bauchi state for N68.4 million. This might explain the reason why the incidence of poverty is more prominent in the Northern Region because of absence of investment that would create employment. This scenario also, goes to corroborate the position of Osa-Afiana (2003), that the SMIEIS scheme was derailed due to banks' apathy towards lending long term to the real sector especially, manufacturing.

However, despite its modest achievement the scheme was bedeviled with slow pace of aggregate investment and other setbacks that includes high cost of pre-investment activities, such as feasibility studies, assets valuation, etc., which entrepreneurs feared might become wasted fund, if they are not considered; reluctance of banks to make a paradigm shift from short-term financing to long term financing; continued poor state of physical infrastructures, amongst others. These problems and the successful conclusion of the banking sector consolidation exercise of 2004-2005 led the CBN to suspend the scheme in 2008 (Udoh et. al., 2011).

SMEDAN's achievement so far is in the area of Entrepreneurship development training that they offered to various entrepreneurs in the country. They have also formally taken over the management of 23 Industrial Development Centres (IDCs) spread across various locations in the country from the Federal Ministry of Industries with a view to resuscitating them and making them functional and to serve as business incubation and entrepreneurship development centres. SMEDAN had also in conjunction with United Nations Industrial Development Organisation (UNIDO) conducted a nationwide survey/census of Micro, Small and Medium Enterprises (MSMEs) in Nigeria. This is in order to have a national compendium of data about the nature, characteristics and locations of the MSMEs in Nigeria (SMEDAN, 2010).

Generally speaking, there is low contribution of the industrial sector in Nigeria relative to what obtains in Countries like India, Bangladesh and Asia generally. The Nigerian industrial sector is therefore largely labour intensive, and operating with low –level or out dated technology. This is largely due to low level of skills in Research and Development (R&D) capacities and commercialization of product designs from the Research and Developments

In order to overcome the challenges of inability to transform R&D output into commercial activities, the Federal Government of Nigeria through the federal Ministry of Science and Technology initiated the Technology Business Incubation Centre (TBIC) project. Technology incubation is an integrated support programme provided by the federal government in collaboration with state governments and academic institutions, with the intention of creating and nurturing of budding technology based enterprises. It is intended to speed the commercialisation of technologies by effectively linking talents, technology, capital and know-how in order to accelerate the development of new enterprises (FMST, 2005).

The concept of incubation process involves the provision of shared facilities such as working spaces, offices, hands-on management assistance and access to finance. It also involves networking and exposure to critical business and technical support services that enhance the success of enterprises during incubation which last for three (3) to four (4) years. There is presently 25 TBIC's spread across 25 states of the federation including Kano State.

However, 10 years after the take-up of the project not a single R&D result, project or thesis is brought to the centre for commercialisation. According the managers of the project all efforts at forging a working relationship with Universities, polytechnics and research institutes have failed. The failure is attributed to the reluctance of the academic and research institutions to present R&D results for commercialisation, citing proprietary rights and other concerns. The few small scale firms operating from the TIC are promoted by local entrepreneurs who have ideas but lack the required funds to set-up on their own. This explains why only 38 businesses were so far incubated in the centre 10 years after take-up.

As part of efforts towards the implementation of Nigeria's industrial policy, the government in 2007 instituted another policy, the National Integrated Industrial Development (NIID)



blueprint, as a service framework developed by the United Nations Industrial Development Organization (UNIDO) in collaboration with the Federal Ministry of Industry and other stakeholders. Under this new initiative, the Lagos, Kano, Aba and Port Harcourt industrial action plan was developed to address the problem of infrastructural decay and to focus efforts in addressing the needs of these four industrial cities. The framework also made a provision for the construction of one park in each of the six geo-political zones of the country to boost the development of the small business sector (CBN, 2007).

This policy like the ones before it has also failed to achieve its desired objectives. It mainly failed due to bureaucratic bottleneck in terms of the policy implementation. Most of the proposed sites have become abandoned and the “cluster concept” conceived by the policy is only operational on paper. The designated industrial parks lack operational facilities such as adequate power supply and other critical infrastructures for the industrial enterprises to benefit (Ijaiya and Akanbi, 2009).

The performance of industrial production during the ten (10) year period 2000 – 2009 has been quite disappointing. The overall cumulative growth rate of industrial production during the period was just a mere 0.07%. The performance of manufacturing and mining sub-sectors was more disappointing as they recorded only 0.033% and 0.032% respectively (CBN, 2010). Also the Nigerian manufacturing industries contributions to GDP is very low and unstable. It was 9.61% (2005), 9.39% (2006), 9.57% (2007), 9.28% (2008) and 7.94% (2009) (CBN, 2010). Indeed, the implication of these results is that the industrial sector has not witnessed any remarkable improvement in the past 10 years and that most of the policies enunciated have failed to promote industrialisation of the country.

### **Conclusion and Recommendations**

Evidence from the review of old and existing industrial and industrialisation strategies in Nigeria have indicated that industrialisation cannot be achieved by enunciating policies and strategies only. These have to be followed by a consistent implementation strategy that is both consistent and well-focused on the intended outcome. A major feature of the industrial policies designed and implemented in Nigeria over the past 50 years and especially during the current civilian administration is lack of consistency and corrupt implementation of the major provisions of the policy. There is also the problem of policy duplication as any government in power will want to have its own policy that would not help and promote the system but will suit the personal interest of its key people and supporters. SMEEIS investment policy while still operational had to be compromised to enable it invests in the hospitality and leisure sector against the scheme’s policy guidelines of investing only in the SMEs industrial sub-sector.

For industrialisation to take place in Nigeria major economic policy changes that will unambiguously reduce opportunities for corruption must be in place. Some of these policy measures are, lowering tariffs and other barriers to international trade; enabling market-determined exchange rates and interest rates; eliminating unproductive subsidies; minimizing regulatory and licensing requirements for existing and new investors, and privatizing government corporations. In addition to the macroeconomic reforms recommended, there is also the need for the reform of the country’s civil service; budgeting process, tax administration and legal and judicial systems.

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