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AN ANALYSIS OF THE POLITICAL ECONOMY CHARACTERISTICS OF THE NIGERIAN STATE

Okon J. Umoh

OPENNESS, TRADE LIBERALIZATION AND ECONOMIC GROWTH IN DEVELOPING COUNTRIES

Sulaimon A. Oyefusi & Elijah Udoh

HUMAN RESOURCES IMPLICATIONS OF BUSINESS PROCESS REENGINEERING

O. C. Ugbam

ECONOMIC PLANNING VERSUS MARKET MECHANISM: A FURTHER REVIEW OF THE DEBATE

Atan A. Jhonson & Eme O. Akpan

MEETING WATER NEEDS IN RURAL NIGERIA: THE CASE OF THE F.C.T.

Clement D. Chup & Francis I. Okpiliya

SOCIAL RESPONSIBILITY: IS IT WORTH THE TROUBLE?

Enefiok E. Essien

INDUSTRIALIZATION EXPERIENCE AND A BOTTOM-UP ECONOMIC EMPOWERMENT AND DEVELOPMENT STRATEGY IN NIGERIA

N. A. Ndiyo, F. S. Ebong & G. S. Umoh

RURAL DEVELOPMENT PROGRAMMES AS GROWTH STRATEGIES FOR SUSTAINABLE DEVELOPMENT IN CONTEMPORARY NIGERIA.

Goke Olawuyi

INDUSTRIALIZATION EXPERIENCE AND A BOTTOM-UP ECONOMIC EMPOWERMENT AND DEVELOPMENT STRATEGY IN NIGERIA

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ABSTRACT

This paper maintains that the nation's efforts at industrial development have not been duly rewarded because of the nation's persistent elitist approaches to industrial development, in spite of glaring evidence of its inappropriateness. Using a descriptive approach, the study attempts to justify the substitution of a bottom-up development approach for the orthodox top-down methods, which are not sustainable. The paper favours a participatory micro-projects development that is all-embracing, accommodating and sustainable for Nigeria's national economic empowerment and development strategy (NEEDS).

Key Words: *Development, Bottom-up, Industrialization and Empowerment*

I. INTRODUCTION

Nigeria's contemporary economic history and social-political evolution since independence (in 1960) provide an essential backdrop to the pervasive manifestations of the features of her underdevelopment. Nigerian and foreign commentators alike, have fingered systemic weaknesses in governance: incoherent administrative and political institutions; mis-match between modern and traditional patterns of authority; governance corrupted by the principle of "primitive accumulation". Since 1963, revenues from crude oil sales have seduced political integrity, destroyed the agricultural and non-oil economic base and funded a succession of governance that has remained woefully out of touch with the yearnings of the people. The period 1965 to early 1999 witnessed a succession of military regimes. This brought with it the destruction of the civil service and public institutions; the withholding of public goods and services, unprecedented inflation; the deterioration of the agricultural and manufacturing sectors as well as living standards and growing

poverty of the people in the midst of plenty. It is also at the door-step of murky governance that we place the cost to the nation of persistent elitist approaches to industrial development, in spite of glaring evidence of its inappropriateness. That the nation's efforts at industrial development have not been duly rewarded is the central message of Tables 1 and 2, below. The net impact of all these is that a country so richly endowed with human and mineral resources has so inexorably declined as to compromise her potentials as a model in Africa for industrialization and, hence, economic development.

Over the years, the peoples quest for better life, which national industrial development has failed to offer them, has turned them to various self-help projects within the nooks and crannies of this country. These did not go far for obvious reasons. In the absence of permanent and mature institutions, self-help efforts relied only on informal institutions and relationships too weak to contain the demands of participatory development. Although, since the 1990s government policies have sought to respond to the needs of the less privileged in the society, not much has been done to unravel and deal with the forces that perpetuate deteriorating living conditions in our society. This is mainly because the approach has been to 'do it for the people' instead of 'doing it with the people'. This calls for a shift to a development strategy that puts the stakeholders at the center of the development process, harness and empower local initiatives, stimulate networking and builds local partnerships for effective mobilization of the grass-root initiatives for development.

This is the ingredient of people's empowerment which, according to Onimode (2000:171), centers on the basic fact that sustainable development must translate to self development, which in turn revolves around:

- i. the power of the people at all levels of society to exercise effective control over their environmental resources;
- ii. effective participation of the people in all decisions that affect their lives, communities and future;
- iii. effective access to development resources - land, credit, capital, technology, education, training, information; and
- iv. capacity building, for the people to acquire the skills to do all these at all levels of the society.

In this paper, we are emphasizing a people-based industrialisation strategy. The study maintains that, apart from its direct impact on capacity building, it is sure to enhance the socio-economic

mobilization of every branch of the civil society; including labour, women, peasants, youths, professionals, etc. and usher in natural-resources-based industrialization. This will promote the needed collaboration between the public and private sectors and check the present prostrate dependence on foreign resources inflows. Herein lies the beauty of NEEDS around which philosophy this paper is woven.

Our proposal is an amplification of a proposition first articulated at the 1989 Lome convention-an industrial development strategy that-

- a. actively involves all groups of stakeholders;
- b. encourages stakeholders responsibility for initiatives and projects development;
- c. builds on consultations and complementarities between stakeholders;
- d. decentralize management to local entities;
- e. allows the "process" approach involving both donor and recipient;
- f. gives proper priority to capacity building and institutional development for local enterprise; and
- g. promotes decentralized cooperation.

The approach seeks to provide answers to questions that are pertinent in an industrialization process. Some of the leadings ones are:

- i. who are the important agents of industrialization and how should their interests be harmonized and/or optimized?
- ii. how do we ensure efficient and effective infrastructural facilities, and how should the resulting cost be shared?
- iii. is there a need to distinguish between constitutional changes and change of actors? and
- iv. how do we guarantee sustainability or at least predictability of industrial programmes?

In the rest of the paper, we shall briefly discuss some issues in industrial development in the next section and appraise Nigeria's efforts at industrialization. In section three we present our suggested shift in the nations industrial development strategy, and highlights the benefits of these approach in sections four. Section five concludes the paper.

II. ISSUES IN INDUSTRIAL DEVELOPMENT

For most developing countries, industrialization has come to be regarded as a crucial and powerful engine in the overall development

agenda. Their governments seek to use industrialization as a weapon for increasing their national output, minimizing unevenness in development, generating needed fund, minimizing their dependence on the developed country and, in some cases, minimizing fluctuations in foreign exchange earnings. These and other objectives contain elements of conflicts and the necessary trade-offs are not easy to logically effect. On the other hand, the individual investor is interested in the return to his investment. He should, naturally, be interested in the sustainability of his profit. And where the investor is an expatriate, he is also interested in the repatriation of his profit. Consequently, the stability and/or predictability of foreign exchange is of interest to him. Some of the objectives of government, especially in the developing countries, cannot assist the investor in realizing his desires. The first problem therefore has to do with the conflicting objectives of the various actors in the industrial development process.

Various factors determine the return on the investor's capital. These include the state of infrastructural development in the industrializing country, the laws and regulations guiding investment, and the enabling environment, generally. Although what constitutes an appropriate environment for industrialization is a source of controversy (Teriba and Kayode 1977:5), to the extent that the environment, especially its institutional dimension, can shape and be shaped by the prevailing mode of production and government policies, many governments face the problem of providing the environment that readily attracts investors.

For many countries, the strength of the relationship between industry and agriculture is not recognized early. It is this relative neglect of the environment that, to a large extent, leads to the adoption of inappropriate strategies. Often, the problem is more of strategy inappropriateness and less of fund inadequacy in view, for instance, of the magnitude of fund that get tied unprofitably and ineffectively to the implementation of the import-substitution in Nigeria—a strategy which tended to promote large-scale industrial enterprises. The case of vehicle assembling plants, which crumbled within a decade of their establishment in Nigeria, is instructive.

There is also the issue of having to use industry to handle the problem of inappropriate domestic resource utilization. While desiring to use industrialization to effect general development, many governments have neglected the need to establish industries that are most adapted to their circumstances. Especially in developing

counties, many of their industries are not oriented towards greater use of abundant labour and other locally available inputs.

We would, therefore, rank conflicting interests as the major problem of industrial development. General obstacles in the way of development could be regarded as another. In dealing with the latter problem, most countries have adopted the fire-fighting approach. Usually, a few obstacles are addressed at any point in time only for others to rear their heads up later. This is the explanation for the spate of inconsistencies that is the legacy of industrial policies in developing countries, such that the first problem is resolved usually in favour of one or a few of the major actors, and very rarely in favour of all. For instance, it is not usual for investors' interests to be sacrificed by a myriad of rules and regulations. The inevitability of conflict of interests as a country industrializes, and the potentials available for their resolution are what propel this paper.

II.1 **An Appraisal of Nigeria's Industrialization Experience**

The drive toward industrializing the country can be examined in a number of epochs. For this purpose we have identified five:

- i. The Pre-independence era (1947-1959)
- ii. The Post-independence era (1962-1969)
- iii. The oil boom era (1970-1980)
- iv. The immediate pre-Structure Adjustment Programme (pre-SAP) era (1981-mid-1986)
- v. The post-SAP era (since mid-1986)

(i) **The Pre-independence Era (1947-1959)**

This is the infantile age of Nigeria's industrialization experience. In this phase, the over-riding philosophy of industrialization was that of welcoming any industrial development activity as well as the drive towards deliberately wooing foreign investors into Nigeria. The inflow of foreign capital was encouraged by liberal industrial legislations, the relative backwardness of the country at the time being acknowledged. This could be the only reason for the rather desperate drive to industrialize "at all costs". Tools like tariffs, subsidies, various taxes and licensing were freely deployed. Such legislations as Custom Duties (Dumped and Subsidized Goods) Act, 1958 and the Customs (Drawback), Act, 1959 readily come to mind. The latter was intended to encourage manufacturing for the export market. Moreover, no effort was spared to allay any fears over

the possible nationalization of private industries.

Although government's role as a primary party in the industrialization process was duely emphasized, this 'open-door' phase was mainly characterized by formalizing the public/private divide and a striving to give an upper hand to the foreign component of private capital. The colonial government promoted private enterprise, generally, by setting up state-owned financial institutions to organize credit for the then, foreign dominated, entrepreneurial class. Thus, in 1946, the Nigerian Local Development Board (NLDB) was set-up. This metamorphosed into the Nigerian Loans Board (NLB) in 1953 with the expressed duty of making loans available for private businesses.

The colonial government did not show a committed interest in the industrial development of the country. According to Beckman (1985), apart from basic investments in ports, roads and rails, and the enforcement of law and order, there was little investment in public services-economic or social. Any involvement in the domestic economy was ephemeral, restricted only to the mere provision of infrastructure. Even these were spatially patterned to serve the needs of colonial capitalist development.

The foreign control of almost all sectors of the economy and the growth of large-scale enterprises to the detriment of their more relevant small-scale counterparts were obviously incompatible with national aspirations. By allowing the colonial industrial base a free hand in the choice of foreign industrial actors and the associated *laissez-faire* development strategy, the interests of consumers and the local private entrepreneurs were largely compromised. These were the circumstances that made the birth of economic nationalism rather inevitable.

(ii) **The Post-Independence Era (1962-1969)**

This phase also referred to as the Age of National Industrial Consciousness, was remarkable for the birth and articulation of the consciousness that policies of the previous era were rather inimical to the development of indigenous enterprise. It was therefore natural to gear every effort toward mobilizing Nigerian capital and encouraging a shift from commerce into the processing and manufacturing industries. Within the context of an Import Substitution Industrialization (ISI) Strategy, growth and economic diversification were promoted as a means of reducing the economy's dependence on the agricultural

sector as the principal earner of foreign exchange.

The ISI strategy was limited at his early stage to the replacement of import of non-durable consumer goods. These generally call for the services of unskilled and semi-skilled labour (in abundance in the Country at the time), and minimal application of advanced technology. A basic economic rationale for establishing import-substitution manufacturing operations is that either the industry will ultimately be able to reap the benefits of large-scale production and lower cost or that the balance of payment position will be improved as fewer consumer goods would then be imported.

However, at independence in 1960, Nigeria lacked sufficient capital, technology, managerial skills and entrepreneurial initiatives to function effectively in an ensuing modern sector. Hence policy was dominated by the deliberate design and application of diverse incentives aimed directly at attracting foreign capital, technology and skills. For this purpose there were the Companies Income Tax Act of 1961 meant to provide liberal tax rates for companies, profits as well as liberal depreciation allowance for capital expenditures as high as seventy-three percent (73%); the establishment of the Nigerian Industrial Development Bank (NIDB) in 1964, aimed at stimulating industries by giving out loans at low interest rates to entrepreneurs; and tariff protection at rates as high as between one hundred to three hundred percent (100-300%), to induce subsidiaries of Transnational Corporations (TNCs) to establish within tariff barriers (Ndebbio, 1994). Partnerships were also encouraged between foreign and private industrial enterprises on the one hand, and the various regional governments of the then Nigeria, on the other.

Unfortunately, however, although government - owned corporations were developed which operated industrial concerns, due cognizance was not taken of the role of ownership and control of the industrial sector as being critical for economic planning. Similarly no attention was paid to the inherent divergence between the objectives of foreign private enterprises and those of the national economy. These concerns were addressed in the next phase to which we now turn.

(iii) **The Oil-Boom Era (1970 1980).**

In this era, two phases of industrial development stand-out:

- the transition phase (1970 1974) and
- the commanding-heights phase (1975 1980)

The transition phase coincided with the second National Development Plan (1970-1974). As at this phase, it was fully recognized that "it was vital for government to acquire and control, on behalf of the Nigerian society, the greater proportion of the productive assets of the economy. This recognition largely informed the promulgation of the Nigerian Enterprises Promotion Decree (NEPD) in 1972 (FRN, 1972) and the subsequent indigenisation programme in the country; albeit still within the context of an ISI strategy. The indigenisation exercise sought to; create opportunity for Nigerian indigenous enterprises development, maximize local retention of profits and other earnings, raise the level of intermediate goods production through encouraging foreigners to move into areas requiring bigger investment in terms of capital and managerial skills.

Thus, the indigenisation policy was to give Nigerians the opportunity to demonstrate their ability to assume ownership, control and management of a greater part of the Nation's Economy. It was the benchmark of all industrial policies and incentives in the 1970s. Other industrial statutes of this phase were the:

- Inspectorate Decree No. 53 of 1970;
- Patent and Design Decree No. 60 of 1970;
- Nigerian Standard Organisation Decree No. 70 of 1970;
- Industrial Training Fund Decree No. 47 of 1971;
- Nigerian Bank for Commerce and Industry (NBCI, 1973).

Their goals were largely to promote even development; fair geographical industrial distribution; rapid expansion and diversification of the economy's industrial base; promote export-oriented industries to create forward and backward linkages in the economy; and liberalize entry into the industrial sector in order to attract both indigenous and foreign investors.

However, the indigenisation exercise face several problems. Among them were that of sourcing the necessary finance by indigenes to acquire alien businesses that were affected by the provisions of the decree; the inadequacy of trained indigenous manpower to replace aliens that would necessarily be replaced; the handling of natural monopolies; the challenge of minimizing the risk of employing the state machinery to enrich a few Nigerians, thereby heightening social polarization; and balancing the objectives of indigenisation against the

need to avoid any unpleasant socio-political consequences likely to arise in the future from foreign absentee control of the Nation's industrial sector (Kayode and Ebong, 1993). In the light of the above, it was obvious that Nigeria was going to depend on external resources for some time, in order to actualize her dreams of becoming an industrial Nation- whereas foreign participation was expected to be complementary (not substitute) to indigenous efforts. And as government could not plan effectively for "what it does not control", there was need, it was reasoned, for greater public sector initiatives and involvement in economic activities.

There is no doubt that the indigenisation exercise actually succeeded in increasing the number of private actors in the country's industrial landscape. But it also occasioned massive foreign capital divestment and capital repatriation; created uncertainties and fears in the minds of foreign investors regarding future policies towards foreign capital; retarded the pace of industrial growth; and rendered the country more dependent on foreigners for advanced technology. These were the circumstances that actually moderated the country's industrial development effort in the second half of the 1970s.

The commanding heights (1975-1980) phase coincided with the country's third National Development Plan. Before then, it had become obvious that efforts so far made to encourage foreign partnerships in the industrial development of the country had rather created an environment which tended "to make profitability, expansion, and even corporate survival more dependent on the perpetuation of a non-competitive environment rather than corporate management efficiency (Uoro, 1984). The third plan was, therefore, seen as a unique opportunity to not only consolidate ownership indigenisation but also to broaden its scope through such supportive measures as the provision of information and financial as well as technical assistance. Industrial planners at the time were anxious to securely entrench Nigerian entrepreneurs into all sectors of the National Economy. The Small-Scale Industrial Credit Scheme (SSICS) and the Industrial Development Centre (IDC) were born from this ambition. Moreover, direct efforts at promoting the interests of local entrepreneurs were made through the availability of funds at generous terms from such large-scale public financial institutions as the NIDB and the NBCI. They were to serve as channels for routing credit to local private entrepreneurs at relatively easy terms.

A more comprehensive Nigerian enterprises promotion decree

(NEPD) was the amended NEPD of 1972, called NEPD 1977. This is still current as the legal instrument, which defines both the areas and levels of foreign investment in Nigeria. The amended 1972 NEPD specifically sought to involve more Nigerians in the ownership, control and Management of certain enterprises through creating opportunities for indigenous businessmen by raising the proportion of industrial ownership of investment in industries; and by increasing the participation of Nigerians in decision making in the management of larger commercial and industrial concerns. It also sought to raise the level of local production of intermediate and capital goods.

For the 1977 NEPD to have successfully reduced foreign investors to ordinary partners with Nigerians, even while these foreigners still controlled the funds and skills, etc was indeed a confounding achievement (Ndebbio, 1994:19). Yet the former problem of sourcing the necessary finance from local private sources and the rather low level of local management skills still persisted.

(iv) The Immediate Pre-SAP (1981-Mid-1986) Era

The immediate Pre-SAP phase of industrial development in Nigeria, also known as the "Drive to Maturity age", was characterized by a public sector with a level of involvement in economic activities that was excessive by all standards. Thus, prior to the early 1980s, under the guise of "the commanding heights" argument, and propelled by huge earnings from Crude Oil sales, the Federal Government had invested heavily in a diversified portfolio of capital-intensive projects. As at then, the public sector accounted for nearly fifty percent (50%) of the country's gross domestic output (GDP); two thirds of industrial sector employment; and ran about seventy (70) non-commercial as well as one hundred and ten (110) commercial parastatals (Onimode, 1988). But with the economic downturn since the early 1980s getting worse, there was some public unease over the fate of a government with an unduly large size of its public sector.

The main lesson from the events of the early 1980s was that it was inordinately ambitious to have sincerely expected any appreciable inflows either in the form of private capital or the much vaunted technological transfer to be injected in any massive scale by a people into an economy in which they were expected to play an increasingly diminishing role. Besides, empirical studies by Oyejide (1977), Ekuerehare (1983, 1996); and Ndebbio, (1991) had shown that the ISI strategy which had all along been the country's dominant strategy of

promoting manufactured exports; and the privatization/commercialization of public enterprises. Exchange rate and tariff policies were relatively liberalized. The devaluation of the naira sought to remove commodity-and-factor-price distortions, in keeping with the principle of efficient resource allocation as indicated by comparative advantage (Ekuerhare, 1996). Aside from its role in encouraging export-oriented development of the consumer, intermediate and capital goods industries, the rationalized export structure was also expected to enhance the maximization of "national value added" in the manufacturing sector by heightening the degree of linkages within the sector.

The 1989 policy document provided a comprehensive list of incentives and operational guidelines for both local and foreign investors. The incentives included: a 5-year tax holiday on pioneer industries; tax relief up to a maximum of one hundred and twenty and one hundred and forty percent (120 and 140%) on expenses on research and development; capital allowance given without the usual seventy five percent (75%) of total profit restricted; effective protection for locally made goods as contained in the customs and excise tariff structure of 1988 (amended in 1989) and an anti-dumping of goods measure; the establishment of an Industrial Development Coordination Committee (IDCC) to control, coordinate and accelerate all approved processes and ensure that all required approvals are given within sixty (60) days; and the establishment of a policy analysis department and an Industrial Data Bank (IDB) to gather, store, analyse, and retrieve data and provide economic information on industrial ventures.

In line with this position the 1991 budget provisions for achieving the goals of industrial development included the following incentives: -

- (i) The promotion of small-scale enterprises through
 - 20 percent tax rate for small companies,
 - permission to grant equity shares with medium-scale enterprises to banks,
 - outstanding 20 percent banks' total credit,
 - a medium of 20 percent rural lending to deposits mobilized (with small-scale manufacturing business receiving a substantial proportion).
- (ii) abolishing excess profit tax to encourage companies'

- investment in local raw material sources; and banks to take equity participation with industries,
- (iii) reduction in interest rate on banks' credit from 27.3 percent to 21.0 percent or less, to minimize the cost of industrial production, and
 - (iv) a priority to industries of at least 35 percent in the allocation of banks' credit.

An export promotion strategy is essentially an industrialization and trade strategy, which encourages but is not biased towards, production for exports. Export promotion strategies are based on the concepts of economic efficiency and market competitiveness. These strategies are adapted to diversify a given economy; generate employment; accelerate economic growth, and increase foreign exchange earnings.

In Nigeria, impetus to shift more towards an export-led strategy was motivated by the rather disappointing results of imports substituting industrialization coupled with pressures from the World Bank/IMF. In this regard, the emphasis was on the exportation of non-traditional products as well as semi-manufactured and manufactured goods (as apposed to exports of primary products) an aspect of export promotion known as export substitution (Daisi, 2001).

With respect to export promotion the New Industrial Policy (1989) had the objective of achieving accelerated industrial development through increased manufactured exports, improved technological skills, and foreign capital attraction. For this purpose several incentives were provided by the government: import duty drawback scheme, abolition of export licensing, provision of finance for export development, expansion and adjustment (for this purpose NERFUND was established in 1989 and 100per cent retention of foreign exchange proceeds by exporters.

The 1991 budget also contained export promotion policies designed to increase and diversify the foreign exchange earnings of the economy. This comprises of increased provision for duty drawback from N10m to N50m; operationalization of the Nigerian Export Guarantee and Insurance Scheme so as to reduce risk in export trade; and duty free importation of raw materials by manufacturers for export insured by the newly introduced Manufacturing Bond Scheme. Moreover, the commissioning of an Export Processing Zone (EPZ) in Calabar; the promulgations of the Investment Promotion Decree No.

16 of 1995; the foreign exchange (monitoring and miscellaneous) provision Decree No. 17 of 1995; and new import tariff structure enacted in 1997 to aid import substitution and export promotion, have contributed in no small way to the achievement of the goals of national industrial development.

However, although the EP strategy may make it easier for a country to take advantage of the benefits of international specialization as dictated by comparative advantage, and provide a stimulus to efficiency on account of the exposure to foreign competition and technology and the glittering prospect of a worldwide market for available products, it faces three fundamental setbacks. First, it may make the economy too vulnerable to external shocks and external indebtedness. Second, there is the prospect of industrial over-production, which will adversely affect the prices of their exports and foreign exchange earnings. Lastly, there is the problem of the rising tides of protectionism in the industrialized (advanced) countries, which limit the market for manufactured exports from developing countries.

The cardinal aim of the privatization/commercialization strategy was to reduce the dominance of unproductive investments in the public sector. This was intended to improve the sector's efficiency and enhance the growth potential of the private sector (FRN 1987). The strategy therefore sought to exure that economic activities were optimally shared between the public sector and the private sector. Ultimately, a reasonable vertical and horizontal balance would be struck between production and consumption.

For some time now, the federal government has been implementing its privatization programme, amidst doubts and even outright protests from several interest groups reactions which bother mainly on equity and efficiency considerations. The programme has opened up some opportunities for acquisitions of indigenous capital, especially in agricultural plantations, agro-processing facilities, hotels and mills. It has also encouraged the growth of some small-scale industrial enterprises. Artisan and small-scale indigenous entrepreneurs, with low overhead and wages cost, have responded efficiently to investment opportunities thrown up by the programme (Ekuerhare 1996).

However, fears are still being entertained about the ability of the programme to achieve for Nigeria industrialization with equity. Firstly, the approach has largely ignored consumers due to the absence of a competitive framework. Secondly, privatization/commercialization inevitably involves some costs to society: a widening income gap; loss of jobs; rising inflation and the limited ability of the public sector to influence supplies; the possibility of a thorough-going approach to the

programme leading not only to over concentration of income and wealth in the hands of a few Nigerians, but also invariably - in the event of a possible shortage of Nigerian buyers leading to the invitation of foreign investors. This development would erase most of the gains of the 1970s with regards to economic nationalism and self-reliance-fears, which the debt-equity swap seems to accentuate. Thirdly, there is the fact that in geo-political terms, the programme has the potential of further aggravating the present skewed distribution of politico-economic power and influence, ethnically, geographically and society. Lastly, given the current economic depression and crippling debt burden, the timing of the exercise could not be said to be particularly right. Although these are generally genuine fears, it must be stressed, however, that a country so desperately in need of resources for discharging its other non-economic, but equally crucial, obligations cannot afford the luxury of an unduly large public sector.

In the light of the above review, it is pertinent to ask today, as did Ekuerhare in 1996, whether the rate of manufacturing expansion and the emerging industrial structure represent the minimization of the import dependence of the production process and a maximization of the exports of manufactures. A look at Tables 1 and 2 below reveal that the industrial structure still remains import dependent. It is not unlikely that the dwindling import capacity of the country is responsible for the declining rate of utilization of the economy's manufacturing capacity and the corresponding declining rates of manufacturing and industrial productions. From the declining export earnings in table 1, the depreciation of the naira may not have stimulated foreign demand for Nigeria's manufactures. Thus, their international competitiveness is still a problem. That raw materials are still being increasingly imported speaks to the failure of local manufacturers (indigenes and foreigners) to look sufficiently inwards for their raw materials. This is a setback to the prospect of backward integration. It is likely that the process of import-substitution in raw materials sourcing has lost much of its earlier steam.

Table 1: Manufactured Export Earnings, and the Composition of Imports by Major Groups, 1971-2001.

Period	Exports	Imports'			
	Manufactures Product	Consumer Goods		Others	
		Non-Durables	Durables	Capital goods	Raw Materials
1981-1985	23.00	2,835.10	813.14	3,055.66	2,459.74
1986-1993	374.65	17,019.48	3,134.50	21,534.29	23,139.71
1994-2001	3648.08	272,621.11	24,739.50	164,825.79	317,716.76
1982-1984	3.53	2828.37	784.30	3018.73	2291.47

Source: CBN Annual Reports and Statement of Accounts (Various Issues)

Table 2: Gross Domestic product (GDP), Manufacturing Capacity utilization and Manufacturing Production Index 1971-2001

Period	Gross Domestic Product (Nb)	Manufacturing Contribution to GDP (%)	Capacity Utilization (Manufacturing)	Growth Rate (%) of Production (Index)	
				Manufacturing	Industry
1971 1980	24.87	-	73.72	16.31	12.28
1981 1985	67.78	9.17	58.38	8.05	1.10
1986 1993	86.71	8.03	40.38	12.25	5.11
1994 2001	112.25	6.34	33.16	0.67	1.38

Note: Percentages are computed by the authors.

Sources: CBN Annual Report and statement of Accounts (Various Issues) FOS Statistical Bulletin, 2001.

In general, it can be said that the distress and distortions in the Nigeria's industrial sector have persisted in spite of the country's potentials for a formidable and viable industrial sector. This is largely due to inconsistency in the nation's industrial development efforts. However, the relative ease with which the economy is always able to adjust from time to time (see Table 1 1982 1984, for instance) has not been in doubt. It is this ability that has given us the courage to put up the following proposal on the trajectory of future national industrial development efforts.

II.2 The Philosophy of National Economic Empowerment and Development Strategy (Needs) in Nigeria

Following the set backs experienced in the 'top-down' SAP in Nigeria and the need to introduce a new economic programme to move the economy forward, the National Economic Empowerment and Development Strategy (NEEDS) was launched in Nigeria in May 2004. The mission statement of the programme is

To build a truly great African democratic country, politically united, integrated and stable, economically prosperous, socially organized, with equal opportunity for all, and responsibility from all, to become the catalyst of (African) Renaissance, and making adequate all-embracing contributions, sub-regionally, regionally and globally.

To fulfill its mission, NEEDS is determined to reduce government's direct role in economic and business activities by growing the private sector through the culture of enterprise, thrift and savings, and curbing waste. It also aims at economic empowerment of indigenous Small and Medium-scale Enterprises (SME) through transparent tendering and procurement processes that stipulate minimum levels of local content, strengthening of agricultural research

and extension services, promotion of integrated rural development. It also encouraging states to develop projects for model rural communities and farm settlement, and promote joint-venture private sector managed multi-commodity development and marketing companies to guarantee remunerative prices for farmers. However, the target groups and the relevant instruments of NEEDS are presented in Table 3 below.

Table 3: Targeted instruments for the empowerment of the most vulnerable

Vulnerable Group	Instruments/Interventions
a) Rural Poor	Access to credit and land; participation in decision making; Agric Extension services; -Improved seed, farm inputs, and implements; Strengthening of the traditional thrift/savings /insurance schemes.
b) Urban Poor	Labour- intensive public works schemes; Affordable housing, water and sanitation; skill Acquisition/entrepreneurial development; Access to credit. Scholarships and adult education.
c) Women	Affirmative Action (proportionate or 30% representation) in all programmes; Education, Adult education; scholarships; Access to credit and land; Maternal and child health.
d) Youths	Education; Entrepreneurial development; skill acquisition and access to credit; Prevention and control of HIV/AIDS and other STDs.
e) Children	Children's Parliament; Juvenile Justice Administration; UBE; Girl Child Education; Care of orphans & vulnerable Children (HIV/AIDS affected Children); Prevention and treatment of childhood diseases.
f) Rural Communities	Social Infrastructure; water; Rural Roads; Electricity; Schools; Health facilities; Communications.

Source: NEEDS, 2004.

II.3 The Bottom-Up Micro-Projects Strategy

Decentralised programmes tend to be planned around three priority activities: Fostering the emergence of legitimate and efficient systems of local governance; validating community development initiatives and sustaining momentum; and supporting political and social dialogue to ensure that (decentralised) stakeholders are involved in policy formulation and implementation.

a. Decentralized Social Development

Decentralized social development means putting stakeholders at the centre of the development process, a proposition first articulated at the 1989 Lome Convention. Decentralized co-operation empowers

local initiatives, stimulates networking and builds partnerships for effective negotiation between public and private entities. Decentralized programmes tend to be planned around three priority activities: Fostering the emergence of legitimate and efficient systems of local governance; Validating community development initiatives and sustaining momentum and supporting socio-political dialogue to ensure that (decentralized) stakeholders are involved in policy formulation and programming. The decentralized approach is based upon the active involvement of all groups of stakeholders in a "process" approach in which priority is given to capacity building and institutional development from within community sub-blocks.

Peculiarities of place, culture and governmental structure vary across nations. However, there is a growing consensus within the Organization for Economic Cooperation and Development (OECD) community that three major shifts must occur if a new public-private sector policy framework is to succeed:

- i. Public policy attention to rural areas must shift from a sectoral to a more integrated regional framework, in which multi-sectoral programmes and opportunities are coalesced within a place-based framework.
- ii. To accomplish this, public funding commitments must be realigned, shifting from a subsidy/dependency orientation toward one that captures and supports inherent regional competitive advantages.
- iii. A new participatory rural governance framework must be developed in and through, which the above two shifts can be expressed.

Clearly, these are emergent understandings, and we should fully assume that this process is at least a long term programme. However, many countries already have embarked on such a course. Nigeria has a lot of ground to make up in this direction. Likewise, the journey to this new development structure across the rural landscape may be much more difficult than the challenges of urban renewal programmes. Nonetheless, the rewards may be even more meaningful. Practicing good governance in rural areas presents particular opportunities and challenges because many rural communities have:

- a) Strong loyalty to grassroots organizations and institutions (e.g., local school, churches, and service clubs);
- b) Access to fewer, or more scattered resources,

- c) Part-time elected officials shouldered with multiple administrative and financial responsibilities with little professional capacity; and
- d) Minimal experience in joining forces with neighbouring communities to solve common problems (Stark, 2004).

The *raison d'etre* for action to support this new model is clear. And given its current structural disadvantages, rural Nigeria must rise to this challenge.

b. Participatory Bottom-up Development

Planning, monitoring and evaluation of development projects are frequently treated as separate activities and carried out with little or no input from the project 'participants'. Projects are planned by 'outsiders', taken to the benefiting communities where they are implemented, and after some time the project is evaluated again by outsiders. This top-down approach to development has three main shortcomings;

- (I) Projects may not be appropriate to the needs of the community since the community members were not involved in planning;
- (ii) Community members may not fully understand the purpose of the project and not feel any sense of ownership or responsibility since they were not involved in designing it, and;
- (iii) Evaluation and monitoring of project activities are often resulted to waste of time and other resources because they are not treated as integral parts of the project implementation process.

Participatory development offers a wide range of techniques which facilitate involvement of the community in all aspects of project design, implementation, monitoring and evaluation. This ensures that community members are empowered and take a stronger interest and larger role in their development activities.

This framework is anchored on the principles of a participatory rural appraisal (PRA) and participatory learning and action (PLA). The strength of this participatory methodology lies in its ability to identify "felt needs"; establish priorities for development activities in the context of feasibility studies and during the implementation phase of projects; and in monitoring and evaluation of projects.

III. THE NEED FOR A BOTTOM-UP DEVELOPMENT FRAMEWORK

The primary purpose for developing this strategy is to provide stakeholders with the platform to collaborate and work in synergy towards achieving sustained development of the economy through the transformation of rural communities from its present state into development centers. Also, to promote cooperation and coordination among the various partners through information sharing and fund raising arrangements for the implementation of project and programmes and to serve as a guide to the various developmental needs in rural communities.

The partnering framework is a model that showcases the various approaches to achieving the vision that ensures rapid, just, equitable and sustainable development of communities, which can guide development initiatives, appraise interventions, and track the general progress across the country. It can also serve as the blueprint for all governments, private sector, international development agencies and the civil society organizations.

- (i) Creating better mutual understanding amongst those who would be involved in project implementation and the recipients of development interventions
- (ii) Creating effective linkages between the various enabling factors needed for development, from the diverse knowledge base and comparative advantages of stakeholders.
- (iii) Develop a network of partners working together on specific projects to fulfill any obligation, share risks and benefits in a mutually rewarding manner.
- (iv) To provide platform for active stakeholders to meet and harmonize plans, programmes and budgets and thereby eliminate duplication and wastages of resources.
- (v) To provide opportunities for building partnerships as well as mechanisms and entrustments for promoting the flow of investments to the communities.
- (vi) To provide effective avenues for stakeholders to meet and work out strategies for pooling and optimizing the use of resources in tackling the numerous community-wide and cross-cutting development challenges of communities.
- (vii) To provide a forum for stakeholders (peers) to review their own progress, encourage one another and sustain the rapid

- development of the community for the collective good of all members
- (viii) To provide avenues and mechanisms for enhanced information sharing among intervening stakeholders in the community for more effective planning and plan implementation.
 - (ix) To promote and assist sustainable economic, social and environmental development of communities by co-operating on the supporting measures to reduce and ultimately eradicate poverty, by supporting the local ownership of development programmes, economic and social reforms and by advancing the integration of the public sector, private sector and civil society sectors into the development process.
 - (x) To promote transparent and accountable governance in all sectors and at all levels.
 - (xi) To encourage partnership and build links between communities and other international, national, regional bodies, particularly through the exchange of expertise, experience and other resources.
 - (xii) To assist stakeholders with capacity building support, in order to enhance their capabilities and contributions to the objectives of partners for sustainable development.
 - (xiii) To regularly engage in a comprehensive and balanced dialogue leading to the definition of annual action plans, priorities and commitments.
 - (xiv) To champion and advance the full range of conflict resolution mechanisms for achieving peace, security and stability.
 - (xv) To support gender equality and equal opportunities for all, including women and youths, and the development and the protection of fundamental freedoms and human rights.

This framework will ultimately give special consideration to most disadvantaged areas and groups in the country without compromising the national/regional development thrust.

III.1 Micro-Project Determination in a Bottom-up Development Framework

In determining and implementing development projects and

programmes using the participatory framework, the following steps should be followed:

Step 1: Define communities and settlements that could most benefit from intervention according to selected criteria.

Step 2: Establish contact with the village leadership and facilitates the formation of village project management committees.

Step 3: Enhance working with village committees; appoint key villagers (members of the community) to complement the PRA/PLA team. Appointees would include local health workers, school teachers, LGA representatives, religious leaders, community leaders, etc.

Step 4: Lead group discussions on community needs, priorities, relationships with other communities and local governments, problems to be solved.

Step 5: Involve the whole team in a landscape mapping exercise in order to assess resources, opportunities/options, and problem areas.

Step 6: Construct a needs hierarchy for villagers, to determine the basis of intervention. project identification and the means of implementation

Step 7: Assist villagers (communities) to formulate and understand project proposals (cost/benefit analysis).

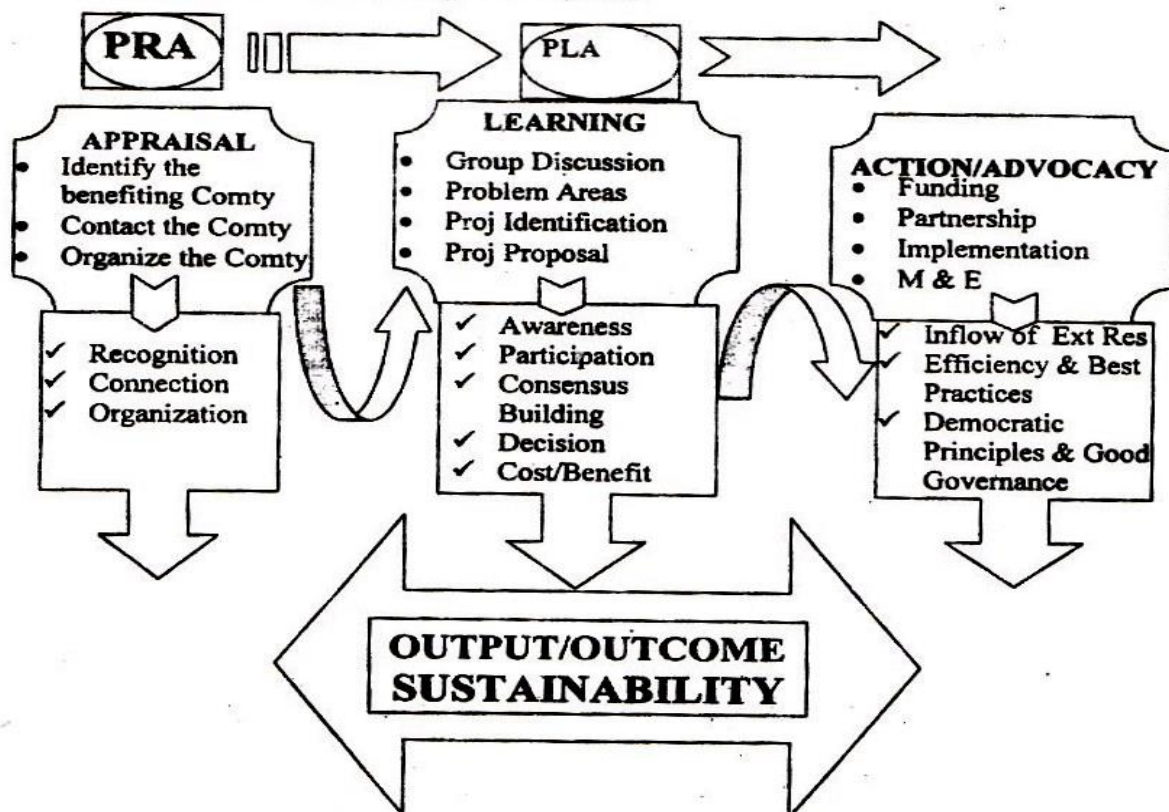
Step 8: Organize funding procedures through an appropriate stakeholder (CSO/NGO/MFO).

Step 9: Recommend partnerships with appropriate stakeholders, for implementation and to assist in ensuring feasibility, manageability and sustainability.

Step 10: Establish monitoring and evaluation procedures for the project.

Fig. 1: A Sustainable Participatory Model (SPM)

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IV. EXPECTED BENEFITS OF A BOTTOM-UP DEVELOPMENT APPROACH

The power for development resides in many, and this power must be tapped in order to bring about political, economic, institutional, as well as social development. The principal benefit that all partners in this framework will eventually attain is a healthy working environment for all stakeholders. Stakeholders and the entire communities will benefit from the partnering process in many ways. Other mutual benefits of this participatory framework include:

Grassroots visioning: Undertaking a collective, pro-active visioning process to generate ideas, surface and address conflicts, and start building trust among diverse participants. It also ensuring greater awareness of the priorities, felt needs and roles of each sector, thereby creating a more integrated and stable society.

Enhanced local capacity building: This framework provides complementary support to stakeholders by adding resources or more components to a project. This will work through increase available

expertise in the benefiting communities, transfer of skills and knowledge to community people, and acceleration of socio-economic development. Other benefits include increase in the visibility of the benefiting community in terms of its needs and progress, generation of goodwill because of pride in accomplishments, and creation of better life for all. More partners and additional investments may also be attracted because of the presence of donors.

Cross-border collaboration: Forming a regional collaboration that crosses geographic borders (villages, clans, towns or cities) and institutional fault lines (private, public, and philanthropic sectors). It will also provide mechanism for each partner to bring the specific skills, competencies and interest of their sector to common problems or opportunities, on the basis of competency, legitimacy and transparency that no member has when acting on its own.

New and inclusive leadership: Bringing forward new voices, including ethnic minorities, newcomers, youth, and others, who are typically absent or marginalized from the community's leadership.

Creating dynamic contacts and networks: By offering channels of influence that on the one hand engage the wider community and on the other impact the policy agenda. Mobilizing more resources by combining the technical, human, informational, physical and financial resources of all sectors.

Replacing conflict with cooperation: For all participants, the cost of conflict is greater both in time and resources, than cooperation; even though that of cooperation may come less easily to those pursuing a project, deal, new business or idea.

Involvement of key intermediaries: Engaging at least one intermediary institution that can act as a broker to facilitate dialogues and catalyze action. To also sensitize and involve the community in project implementation. Creating awareness in rural areas for the implementation of projects by asking for their views as they deem suitable, and carrying them along in all phases of the project implementation. The emerging intermediaries could also assist in examining the community's competitive advantages using current, reliable, and intelligible data.

Public entrepreneurial development: Enriching the capacities of local elected officials and helping them to grow from caretakers to public entrepreneurs. It helps to identify and assess the capacities of local institutions and potential stakeholders for future partnership development.

Solid achievements and celebrations: Tackling a few concrete projects with identifiable and measurable outcomes and celebrating these first achievements before embarking on new efforts.

V. CONCLUSION

The micro-projects approach indicates that it is feasible to incorporate a bottom-up strategy into our national industrialisation programme. The scope of micro-projects activities over time will encompass most if not all the myriads of community development goals and conflict types. This can serve as a bait to conflict resolution in benefiting communities. Local knowledge of the communities, sociological insight into signs of backwardness would be identified and addressed during project development activities.

The rationale behind this approach is the collective working together of partners to fulfill the policies and recommendations of the public sector; share the risk and benefits; and review the relationship and agreement regularly and as necessary. Consequently, this relationship should always strive to consolidate the individual strengths and resources of its members and to bridge any communication gaps and/or other obstacles to collaboration between groups of stakeholders.

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