# NIGERIAN ECONOMY

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## INDIGENOUS (PRE-COLONIAL) ECONOMY OF NIGERIA

When we talk about Nigeria before the coming of colonial masters, one should bear in mind that we are not dealing with Nigeria as it is today, but with communities and ethnic groups; the Hausa, the Igbo, the Yoruba, the Nupe, the Jukun, the Ibibio, Ijaw, Kanuri, Fulani, Efic, Tiv, Edo and many others as they existed in pre-colonial period. The indigenous pre-colonial Nigerian economy consisted of agriculture, local industry and crafts, trade and services.

### Agriculture in Pre-colonial Period

Agriculture was the basic pre-colonial activity with the pattern of specialization dictated by ecology and culture (Galadanci, 2010). The form of agriculture practiced and crops planted were determined by nature of soil and terrain of the region. Shifting cultivation and crop rotation characterized agricultural practice in pre-colonial Nigeria. Though, crude implements, such as hoes, cutlass, sickles, etc. were used, people produced enough food crops to feed themselves and also produced cash crops which were used for trade either locally or across the trans-Sahara.

The principal articles of food grown were guinea corn, millet, beans of several varieties, yam of various species, sweet potatoes, pepper of various kind, kola nuts and vegetables of all sorts. Cotton was also grown to provide raw material for the indigenous domestic cotton industry. In addition to these, the palms grew wild in the bush, providing the vegetable oil needed by the people and there were a number of wild plants providing fruits, e.g. paw-paw and mangoes. Agricultural production was largely on the subsistence level in most villages; but in fairly big towns, where some degree of specialization existed, surplus agricultural products were exchanged for local industrial products e.g. hoes, knives, cutlass, mats, pottery and leather products(slippers and hand bags)( Akundare, 1973). Many agricultural products such as cotton and kola nut were carried on long distances for trade (Johnson, 1990)

The territorial specializations allowed for intra-regional exchanges. Crops that were grown in one area could be exchanged for these that were not cultivated in another but were needed.

Other pre-colonial occupations that are related to farming are hunting, fishing and pastoralism. Hunting was, also, widespread, it could be done by one person, but generally it was carried out in groups of three or more people. Hunting tools such as arrows, clubs, knives and other local weapons were used to kill animals. Apart from providing protein as food and animal skin as clothes, hunters were known as guardsmen in protecting people from attacks of dangerous animals. A very important aspect of economic importance of a hunter, during pre-colonial period was killing elephants whose trunks were ivory. Exportation of ivory certainly preceded the notorious exportation of human being across the Atlantic.

Fishing was, also, a supplement to faming. It provided an important source of protein. In all cases fishers used more or less the same methods in catching fishes. Nets, traps of various kinds and size, spears, harpoons and poison were used. Canoes which were essential capital for fishing were built by canoe-builders such as Ijaw in the Niger Dalta and Kede in Niger. Smoking, selling of fish and its distribution were yet other economic activities connected with the fishing.

Pastoralism is another activity that is related to farming. Owing to the infestation of forest areas by tsetse flies and problems of availability of large grazing land, pastoralism was confined to the Savanna region of Nigeria. Among their greatest economic importance lay in the production of cattle on which people relied on their beef and milk. In the same manner, the leather workers in Hausa land relied heavily on their livestock.

## Local industries and Crafts in Pre-colonial Period

It is certainly difficult if not impossible to discuss fully all multifarious works of art and crafts which pre-colonial Nigerians engaged in. Although the bulk of the working populations of Nigeria were farmers, some people engaged in local industries and crafts. Natural and geographic factors dictated the location of industries in Nigeria. The canoe industry developed along the coastal areas and river banks. Small-scale fishing industries also existed along the coast and river banks.

In Nigeria, cotton had been grown and manufactured into cloths for many centuries. Spun, hand-woven in simple cloth and dyed with colours obtained from native plants, it provided most of clothing of the people. Nearly all the ginning, spinning and weaving equipment was made of wood (Akundare,1973). Kano was the most important centre of cloth, weaving, dying and distribution up to the 19$^{th}$ century. Kano cloth was such of high quality that there was demand for it as far as Morocco. Cloth manufacturing was also common in Nupe land, in Yoruba land and in Benin. It is also known that the Ijebus were not only among the earliest Yoruba cloth weavers but were also great exporters of cloth.

Long before the nineteenth century, the people of Nigeria had been mining iron, tin, gold, salt and other minerals. Iron works existed in many areas, including Ijebu-ode, Ilorin, Bida and Awka. It can be strongly suggested that of all mineral works that took place in pre-colonial Nigeria, iron work was the most important to the overall economy. There was a close link between iron working, agriculture, fishing, hunting and political power (Johnson, 1990). With iron smelting, iron tools gradually replaced wooden and stone implements for cultivation, caving and mining. Things like scissors, hoes, cutlass, hammers, Knives and axes were produced with iron. The local smiths forged pointed spears, swords and arrows which were used for hunting as well as for inter-tribal wars, tools of husbandry and household tools were made from locally mined iron. Iron metallurgy not only brought economic revolution, it also put political power into the hands of those who knew and used it over those who did not.

In Northern Nigeria, there was a long-established leather industry, utilizing the hides of domesticated animals. Sokoto and Kano provided markets for many kinds of leather goods such as saddles, slippers and handbags. Closely associated with the leather industry was hide and skin industry, which had a separate market of its own. Skins were dispatched across the Sahara by camel caravan and sold to European merchants in North African ports, particularly at the ports of Morocco and so became known to the World as Morocco leather-injustice to Nigeria since the skins actually produced in North Africa were inferior to those of Sokoto and Kano (Akundare, 1973).

Other crafts and local industries are soap industry existed in many southern districts. There, also, flourishing brewing industries in all parts of the country. Palm wine was tapped from palm trees, beer brewed from local corn and millet and strong wine brewed from kola nuts. Others are pottery, basket and mat weaving, woodwork etc.

## Trade in Pre-Colonial Period

### Local Trade

The exchange of goods in various parts of Nigeria has been of long standing. As one would expect, most early exchanges were the results of surplus production over and above the subsistence level. Local markets were organized at regular intervals of three, five or seven days and occasionally fortnightly, for the exchange of product (Hodder and ukwu, 1967). In fixing the local market days, the distances to be covered by those attending the market from the neighbouring villages, and the number of participating villages in a particular district or chiefdom were taken into consideration, as each village acted as host-village on market days in rotation. In large districts markets were often held simultaneously in two or more villages on a particular day. The organization of such markets gave the people the opportunity to sell local products at regular intervals. A sense of specialization soon, grew, each village specialized in supplying particular local foodstuffs and industrial product and thus the people knew which village market to visit for their rare but special purchase. Items of local exchange included foodstuffs and household materials such as, pottery and soap. These markets also developed as the central markets for local products such as palm oil, which had begun to attract the European merchants.

The Nigerian environment, which falls broadly within Savannah, forest and the mangrove swamp, made interdependence among people that settled in the area inevitable and economic cooperation necessary. The environment, to a large extent, determined what was produced in each zone and consequently influenced the pattern of distribution of products of the zones or the direction of trade. More so, the diversity of the natural potentials of each zone also give rise to specialization in variety of viable economic activities and occupation, which engendered the production of surplus value for exchange and distribution. Thus, the people of this era, as natural response to the features of their environment, operated what some scholars have described as considerably market-oriented economies, which thrived on agriculture, industry and trade.

Across the zones of the Nigeria area, agriculture was essentially the predominant economic activity. Communities engaged in production of crops for food, economic and industrial purposes, which were taken to local and distant markets in exchange for products different from what they produced. In many of the communities, different markets were established for locally produced and foreign goods to encourage local production as well as to attract long distance traders from other areas.

Particularly, in areas where there was low soil fertility, like in the northern section of Igbo land, trading was an appealing alternative to farming. Traders from this region engaged in long distance and local trade, specializing in the distribution of specific merchandise in a way that guaranteed profits (Lawal, 1997). In the coastal areas, fishing and salt making were the preferred economic activities while farming and other occupation usually served as complementary occupation. In the Savannah region, particularly the communities in the northern part, agricultural production, animal husbandry and extensive trading activities dominated the economic activities. Farming and trading were also dominant in the Yoruba communities of the Southwest.

**Foreign Trade (Long Distance Trade)**

Long distance trading activities principally contributed to emergence, growth and sustenance of states and empires that controlled the different parts of the Nigerian area during the pre-colonial era. There grew a number of inter-regional trading centers and linkages in different directions, East-West and North-South, to facilitate distribution and exchange of products. There were also trans-saharan trades to countries of North Africa, Nile Valley region and southern Europe as well as transnational trade to neighbouring countries, including communities located in present day Cameroun, Republic of Benin, Togo, Niger and Chad. From the Sixteenth century, there developed trans-Atlantic trade to countries of South and Latin America, and later to Western Europe after the abolition of slave trade.

The discovery of Kolanut in commercial quality in the Yoruba countries of south-western Nigeria as well as the Asante forest of present day Ghana subsequently led to the development of long distance trading activities between the trading cities of northern Nigeria and Badagry in the Southwest and Gonja in the Asante forest. Caravan routes developed between Sokoto and Badagry and between Kano and Gonja both of which passed through Bargu land and attracted more traders into the areas, especially the Wangara and Gambari (Hausa) who settled along the trade routes from Hausa land to Gonja and Badagry.

The Igbo of the southeastern area of the forest zone were particularly agricultural people and distance traders. Their settlement at Igbo-Ukwu was an outpost for the trans-Sahara trade routes. The Igbo traded such items as gold, slave, salt, cowry shells, weapons, expensive cloth, pepper, ivory, kolanut and leather goods and were good travelers they had extensive long distance trade relationship with Igala land, Benin Kingdom, the coastal states of the Niger Delta, the Yoruba hinterland, Tadmekkain the sahara, Arab traders from North Africa and to a lesser extent, with neighbouring communities in present day Cameroun. Copper and lead used in producing bronze for bronze casting were obtained through Arab traders who brought in the item from Venice and India via the trans-sahara trade routes linking Egypt, the Nile valley, the Chad Basin, and Kanem-borno with the trade outpost of Igbo land. More so, western Igbo Kingdoms like Aboh, dominated trade in the lower Niger area from the seventeenth century until European penetration.

In the Niger Delta, long-distance trade particularly served as focal points for the states that developed in the region. Although broadly categorized as part of the forest region, geographically, the Niger Delta area is an extensive mangrove swamp with limited dry land area for agriculture. Hence the Niger Delta states depended legally on long distance trading relations with commercial agricultural centers located several miles away from the region for survival. Essentially long distance trading activities in the Niger Delta developed along two distinctive directions the north-to-south axis which was depended upon for the supply of agricultural produce to the states in exchange for salt and fish and east-to-west axis linking the states with places as far west as Lagos and the Ijebu country for trade in specialist goods produced in various localities.

Around fifteen century Portuguese and British came to West Africa, this made trade to expand to Europe and America. The development of ship, around the fifteenth century, made the Europe enthusiastic of meeting with African. The slow-plodding camel caravans of the desert areas were gradually out-rivaled over the centuries by Atlantic sailing ships. The Portuguese started the Atlantic slave trade during the fifteen century, and this attracted many other European nations to West Africa.

After Portuguese, English people found their way into West Africa despite the resistance by Portuguese. By middle of the Seventeenth century, more English traders became interested in the West African trade, particularly in the slave trade.

## The Fiscal System in pre-colonial era

The natural rulers devised various means of raising adequate revenues for running their respective administrations. Revenues were collected in kind, mainly in foodstuffs, and provided for the "rulers" and their officials. The gradual adoption of a few commodity currencies, e.g iron rods, bracelets, manilas and cowries, simplified to some extent the payment of taxes. Even then, the bulk of the population continued to pay in kind by supplying foodstuffs and by performing services, e.g providing labour on the farm and serving as warriors.

The structure and organization of the indigenous tax systems varied from one part of the country to another. The indigenous fiscal system in the emirates of Northern Nigeria was the most advanced. "Most of the old established Hausa Kingdoms had embraced the Islamic faith, and under its influence they had by the early sixteenth century developed a well organized fiscal system (Heiley, 1992).

In some well organized areas of Northern Nigeria the principal taxes included the Zakka or tithe on corn, the Kudin kasa or land tax, the plantation tax on all crops, the jangali or cattle tax and the Sokoto Gaisuwa a varying sum, paid chiefly in horses and slaves by all other emirates to Sokoto and Gwandu. Lastly there was the death duty (Gado), which passed the estate of the deceased to the Emir when there was no recognized heir.

In southern Nigeria, a large rudimentary indigenous tax system existed. In most of the Yoruba Kingdoms tax assessment were based on the ability to pay. But it was equally true that some greedy rulers occasionally boosted their revenues by confiscating goods owned by their subjects. Usually goods were confiscated from various sellers on local market days. Also in southern Nigeria, in early days of European contact with Nigeria, European traders were made to pay taxes in the form of customs and shipping dues for the support of the indigenous governments. Some European traders also had their property confiscated and fines were often extorted from them for various offences ranging from trading with natives without permission to competing in local trade.

COLONIAL ECONOMY OF NIGERIA

The colonial economy in Nigeria, like most of the other African countries was the one designed to serve the interest of the colonialists. The dominant motives of colonialism were the search for cheap raw materials and expansion of market for the products of the colonialists. To achieve these objectives, the colonial government developed a number of policies in different sections of the economy as we discuss below.

## Agricultural Policy

Given the fact that one of the major reason of colonialism was to ensure a cheap and steady supply of raw materials to colonial industries in Europe, the colonial government, through so many devices, discouraged the production of food crops while encouraged cash crop production (Usoro, 1977). The raw materials which British needed included cotton for British textile factories, rubber for tyres and other products, palm oil and kernel for soap and margarine, groundnut for manufacturing oil, hides and skins for leather products, timber for furniture as well as tin, coal, among others.

Colonial agriculture was successful to a very large extent in the production of cash crops but at a very great price on the part of the rural agricultural producers. These producers were many a time induced to produce cash crops through coercive policies. They produced more to earn more money to meet their tax obligation in order to avoid penalties. Farmers living in areas where cash crops did not thrive were forced to migrate to cash crop producing areas where they worked as labourers partly because of the need to pay tax (Korieh, 2010). Thus, the emphasis on cash crops production created the conditions for the food insecurity which the country later experienced.

Part of the colonial agricultural policies was the establishment of marketing boards. These boards were to promote the development of their respective export produce, to stabilize produce prices. They certainly did stabilize producer prices at a generally low figure, considerably below the world prices.

## Banking and Currency

Monetization was a major aspect of the colonial fiscal policy. This was because monetization will ensure the integration of the colonial economy into the imperial capitalist economy. A new and common currency was needed to replace the different currencies circulating in various part of the country. Most of the currencies lacked portability and were in fact cumbersome and incapable of sustaining an export market economy. Also without common currency it would be difficult for a national market to emerge. The British coins were therefore, introduced, but it met strong competition against the manila, which was highly valued at that time, and other local currencies. The first step that the British government took to make sure that its currency got acceptability was to demonetize all currencies other than the British in Lagos from 21 May 1880. In some ways this action was directed against the Maria Therasa Silver dollars which had been common currency in Lagos and which were held by government treasury in large quantity. Other measures were (i) Government paid its soldier as well as other (suppliers, contractors and civil employees) In British minted coins it also determined the value of these coins against local currencies, example, for a long while there were two hundred cowries exchanged for penny and this is why in Hausa the commonest coin, the half-penny was called dari (English: one hundred). British certainly was not willing to permit a free market situation to determine the value of the colonial currency. Colonial currency obviously could not be refused in the market when offered by soldiers for payment. (ii) Soon the government (through Native Administration Insisted that taxes be paid in colonial currency as well).

In 1992 West African Currency Board (WACB) was established. The board was to performed a number of function, including controlling the supply of currency and ensuring that the currency was maintained in satisfactory condition and making all necessary arrangement for the minting of any special coins authorized for circulation in West Africa. However the colonial currency was basically an extension of the imperial currency. This facilitated the penetration of the colonial economy by the British capitalism and integration of the economy to the metropolitan system.

The monetization of the Nigerian economy necessitated the establishment of Commercial Banks. The first Commercial Bank to become established in Nigeria was the African Banking Corporation (a British Company) which had been the sole distributor of British Silver coin and the sole repatriating agent since 1872. The corporation stated banking business in Lagos in 1891. The Bank later transformed into the Bank of British for West Africa (BBWA). In 1899 the second Bank, Bank of Nigeria made appearance, though, it was later swallowed by BBWA. Later on Barclays Bank made its appearance. The two Banks dominated banking in Nigeria for quite a long period, until 1959 there was no central bank in Nigeria which could have regulated the activities of the banks.

## Industrial and Trade Policies

The economic interest of the colonialists also led them to avoid promotion of Industrial activities, particularly manufacturing, in order to protect the market for the products from their home country (Nnoli, 1981). All local industries continued to operate, if only at a much reduced capacity. The increasing importation of foreign goods brought it new tastes for better and sometimes cheaper, industrial goods from Europe. For example, the local cloth weaving industry declined as cheaper and better cotton goods were imported from Britain. Commenting on the impact of foreign goods on local industrial production in Northern Nigeria, Lugard said

"I foresee with great regret the decline of Kano as a commercial centre when European goods supersede her manufactures, and the exports of other provinces are diverted by more direct routes to the factories of Britain merchants, instead of passing through hands of her middlemen and brokers. The cotton of Zaria will then cease to come to the looms of Kano or skins and hides to her ternaries".

Toward the period of independence some British Company and other Multi-national firms some of them with collaboration of Nigerian government stated establishing their firms in Nigeria, example, British Textile Firm established 1952, British American Tobacco Company

(Later called the Nigerian Tobacco Company), West African Soap Company Limited, the Alagban Industries (a company controlled by Paterson, Zochonis and Company Limited), Western region Development Corporation, the UAC Limited and UK concern etc.

## Transport Policy

British found that to achieve its objectives of exploiting resources of its colonies and exporting goods to them, basic infrastructure needed in these colonies must be put in place especially with the discovery of various produce centers in the hinter lands. Regarding the pre-colonial transport system as Crude and inefficient, the colonial government moved Swiftly to take advantage of the network of waterways in Nigeria to build ports and harbours which served as terminals for exportation of raw materials and importation of manufactured goods. The rivers were the main traffic lines between the coast and hinterland. At a point it became clear that the waterways were not enough. Some produce centers were quite far away from the rivers that the construction of railways became in evitable. The roads for motor transportation subsequently followed. The roads and railway were constructed in the export producing areas or in the mineral mining zones.

We can summarize colonial economy as means of exploitation of the colony's resources and creating market for finished goods from Britain. These objectives were achieved through so many colonial policies some of which were the following

- Discouraging food crop production and encouraging cash crop production
- Establishment of marketing board which used to buy cash crop produce from local farmers at low price compared to its price in the world market
- Introduction of British currency in order to control the economy
- Introduction of tax in order to force the acceptance of British currency and force people to produce cash crops in order to get money to pay their tax
- Importation of cheap goods from Britain which later killed local industries.
- Development of transportation system in strategic places in order to ease evacuation of cash crop produce from hinterland to coastal areas and at the same time help in distributing imported British finished goods.

## NIGERIAN ECONOMY POST-COLONIAL PERIOD

From independence to date, the Nigerian economy has undergone series of changes overtime with different policy regimes. Though oil was discovered in 1956 and its exportation started in 1958, still at independence agriculture was the bedrock of Nigerian economy. The contributions of agriculture and crude oil exports to Nigerian foreign exchange earnings were 89% and 2.7% respectively (Okongwu, 1986). Prior to 1986, a medium-term development plan was adopted as a major framework for developing and restructuring the economy. The first National Development Plan, 1962-1968 was developed to put the economy on the fast growth path. The plan gave adequate priority to agriculture and industrial development as well as training of high-level and intermediate manpower. Some of the achievements of the plan were construction of port-Harcourt oil refinery, Nigerian Minting, Jebba paper mill, Nkalagu Cement factory and Lagos port extension. However, the disruption to economic activities during the period later paved way for broader economic policies for reconciliation and reconstruction. Thus the second National Development plan 1970-1974 was launched primarily to reconstruct and rehabilitate infrastructure that had been damaged during the civil war. Thus the government invested a lot of resources into the construction and rehabilitation of infrastructure as well as improving the income of people.

From 1974 oil receipt exerted marked influence. The petroleum sector exhibited an increasing and dominant influence as regards to contribution to government revenue, rising from 1% in 1960 to over 80% as at 1986 (Okongwu, 1986). Because of the huge oil revenue, the third National Development Plan, 1975-1980 was designed under a more favourable financial condition. However, the execution of the fourth National Development Plan, 1981-1985 was affected by the collapse of the International Oil Price. With fall in revenue as a result of collapse of International oil prices and the economic crises that followed, the government was forced to reduce its participation in the economy drastically.

In 1982 the government introduced the economic stabilization Act with the aim of exchange control, import restriction, as well as monetary and fiscal policies (Galadanci, 2010). In 1984 Austerity measure policy was introduced by the then military government of Major General Mohd Buhari (rtd). The basic idea of Shagari's stabilization policy remained the same, the difference being an intensified implementation of stabilization policy measures including reduction from public expenditure, retrenchment, imposition of taxes and levies.

The adoption of the Structural Adjustment Program (SAP), initially for two years (July 1986-June 1988) was the major response to the dwindling oil resources, macro-economic policy distortion and the increasing need to diversify the productive base of the economy (CBN, 2005). In July 1986, the government accepted the International Monetary Fund-Sponsored Structural Adjustment Program (SAP). Same of the objective of SAP were

- To restructure and diversify the productive base of the economy.
- To achieve fiscal and balance of payment viability over the period
- To lay the emphasis for a sustainable minimum inflationary growth, and
- To reduce the government participation in the public sector, improve the sector's efficiency and intensify the growth potential of the private sector

Among the policies of SAP were the following;

- Exchange rate adjustment through devaluation and deregulation of local currency
- Deregulation of interest rate to promote domestic savings and appropriate allocation of resources
- Privatization/Commercialization
- Withdrawal of government subsidy

The experimentation with deregulation and liberalization was truncated in 1994 with the advent of a military government. Thus the Federal Government regulated the economy, by capping exchange and interest rates due to high nominal interest rates that reached an all-time high 48.0 percent in commercial banks and 60.0 percent in non-bank financial institutions. These rates were in turn driven by high rates of inflation at 48.8 percent in 1992 and 61.3 percent in 1993 (Sunusi, 2010). As there was no clear economic strategy for the rest of the decade, the monetary policy implementation became ineffective to check expansional fiscal operations.

With the coming of democratic government in 1999 the scenario changed. Democratic governments have introduced series of reforms that were aimed at redressing the distortion in the economy and to restore economic growth.

In its objective of shifting the economy from public sector led economy to private sector led economy, government embarked on privatization of public utilities to enhance efficiency of these institutions through private sector participation consequently, National Council of Privatization was set up to ensure proper implementation of the privatization programme. The policy of deregulation of major sectors of the economy which had been put in place since the structural adjustment programme (SAP) in 1986 was sustained. Consequently, the communication sub-sector was the first to be privatized with the licensing of many global system for mobile (GSM) communication which led to the telecommunication revolution (Solodo, 2007), the deregulation of the downstream oil sector enhanced private sector participation and put an end to the incessant fuel crises that plagued the economy.

In 2004 the government's economic agenda was formed, launched and tagged the National Economic Empowerment and Development Strategy (NEEDS). According to Olusegun Obasanjo's government the (NEEDS) program was home-grown economic program which was brought after wide consultations. The objectives of the programme were

(i) Employment generation (ii) Wealth creation (iii) Poverty reduction and
(ii) Value re-orientation

One of the problem of Nigeria is lack of continuity and inconsistency in policy, with the coming of new government in 2007, NEEDS was folded and kept aside and a new economic program was introduced which was tagged seven point agenda. In this, the government intended to consider seven-sectors as its economic priorities. These sectors were

1. Power and energy 2. Food security 3. Wealth creation 4 Transport sector
2. Land reforms 6. Security 7. Education

President Umar Musa did not live long to execute seven point agenda. He died and was succeeded by his Vice President Goodluck Jonathon. A new economic program was launched in 2011 which was tagged transformation agenda. According to the government the agenda was based on set of priority policies and programmes which when implemented will transform the Nigerian economy to meet the future needs of Nigerian people. The priority sectors were:

1. Power
2. The rehabilitation and expansion of national infrastructure
3. Agricultural development
4. Education and employment generation

The transformation agenda programmes were implemented for five years after which the new administration took over power on 29$^{th}$ May, 2015. On Wednesday, 5$^{th}$ April, 2017, Buhari's administration launched its medium term 4-year economic plan called Economic Recovery and Growth Plan (2017-2020). It has been developed for the purpose of restoring economic growth while leveraging the ingenuity and resilience of Nigerian people- the nation's priceless asset. The plan targeted 7% growth of real GDP in 2020. The main objectives of the plan are;

1. **Restore growth**- to restore growth, the plan focuses on achieving macroeconomic stability and economic diversification.
2. **Investing in our People**-the plan will invest in people by increasing social inclusion, creating jobs and improving capital base of the economy.
3. **Building a globally competitive economy**.

   The Federal Executive Council, in it sitting on Nov 10, 2021, approved the **National Development Plan, NDP 2021- 2025** to succeed the Economic recovery and growth plan, ERGP, 2017 – 2020 which expired in December, 2020.

   The NDP was built around six concepts: 1. Economic growth and development, infrastructure, public administration, human capital development, social development as well as regional development

   The new plan has an investment size of N348.7 trillion to be contributed by the federal and state governments as well as the private sector. The public sector would contribute N49.7 trillion (14.3%), while the private sector would chip in N298.3 trillion (85.7%)

Despite all these structural adjustment programs and economic policies introduced from 1980's to date. The Nigerian economy faces the following problem.

- The Nigerian economy is still mono-product economy with the bulk of government revenue coming from oil exports which is susceptible to shocks in the international market.
- Infrastructural challenges-the economy faces poor economic and social infrastructure-bad roads, erratic power supply limited access to portable water etc.
- Corruption-all sectors of the economy have submerged into the river of corruption
- Low quality education- low quality education as a result of poor funding, irrelevance of curricula to industrial needs.
- Poor investment climate. In the absence of poor infrastructural facilities the cost of doing business in the country remains high forcing firms transferring to neighbouring countries even companies that had existed in Nigeria for upward of four decades.
- Insecurity – example, militancy in Niger Delta area, insurgency in the Northeast, human kidnapping and demanding for ransom, arm robbery etc.

## OIL IN NIGERIA

The Nigerian Petroleum Industry, at present, is generally believed to be the pivot of the Nigerian economy and the hub around which other sectors of the national economy revolve, with revenue from oil and gas accounting for about 90% of the nation's foreign exchange and over 70% of revenue(Godfrey and Oritsematosan, 2005). The first discovery of commercial quantities of oil in Nigeria was in 1956, with reserves estimated from sixteen to twenty two billion barrels mostly found in various fields in the costal regions of the Niger Delta (Human Right Watch, 1999).

During the colonial period, it contribution was very little to the GDP or export of the country. However after independence, its contribution increased steadily until the period of the civil war between 1967-1969. During this period production was adversely affected. Production picked up again after the civil war and reached its climax in 1973, because of the Arab-Israel war when the Suez Canal was closed to traffic. Because of this war exploration and production of petroleum in Nigeria stepped up and crude oil price went up, hitting the roof at over $40 per barrel. Crude oil, thus, became the main pillar in the Nigerian economy, accounting for 80% of the GDP and 95% of the export by value. The crude oil success was such that the then head of the military government declared in 1974 that money was not the problem of Nigeria, but how to spend it. The increase in the price of crude oil and the massive increase in Nigeria oil revenue made possible some significant progress in different sectors of our economy. This in turn led to expanded development in economic and infrastructure and at the same time a great expansion of the public sector. No sooner did that happen, Nigeria became Mano-cultural economy depending heavily on oil export alone. The national expenditure and expanded production became exclusively depended upon petroleum earning. By 1980 our imports bill doubled. Nigerian economy has become depended upon food importation, imported raw materials and spare part for the expansion of manufacturing sector.

In 1980's the price of oil fell down as low as $8 per barrel as a result of oil glut. The economy of Nigeria found itself in a serious crisis which led to the adoption of structural adjustment program in 1986. Since then, the world price of oil increased very slowly and did not come up to a significant level until the Kuwait-Iraqi war 1991. After the war, prices declined again, falling as low as $9 per barrel in the later parts of 1998-cum-early 1999. Towards the end of 1999, prices started to rise reaching over $36 per barrel in the first quarter of 2004. In spite of converted efforts to bring the price down by OPEC, actively encouraged by the industrialized countries, the price refused to fall to the level desired by industrialist countries. It is not easy to explain the causes of this increase in price. It would seem that the weather had a hand in it. It makes demand for petroleum product as a means of heating and cooling unavoidable. The price continued to rise up to the time when it reached over $100 per barrel from 2011 to 2013 before it fell down to less than $50 per barrel in 2015 and 2016

**Deregulation of Down Stream Sector of the Nigerian Petroleum**

The Nigerian Petroleum Industry is divided into three sectors – the upstream sector (which deals with exploration and production), the midstream sector (which deals with the transportation-by pipe line, rail, barge, oil tanker and truck-, storage and wholesale marketing) and the downstream sector (which deals with refining, distribution and marketing of crude oil for domestic consumption (Godfrey and Oritsematosan, 2005).

In recent years, deregulation of the downstream sector of the oil and gas industry has become a controversial issue in Nigeria. In 2003, the federal government bedeviled with fiscal deficit, high external debt, unfavourable balanced of payment and inability to sustain the huge subsidy for fuels, announced her intention to deregulate the downstream sector of the petroleum industry. The federal government complained that the cost of subsidizing importation of oil was estimated to be as high as $1.5 billion annually, has become unbearable to sustain and that deregulation of the downstream sector would attract investors into the oil and gas industry and provoke competition which would result in reduction in the prices of petroleum product (Ibanga,2006).

Deregulation is the process of removal of monopoly right or government control enjoyed by an enterprise in a particular sector of any economy. There are two phases of deregulation-partial and full deregulation. In partial deregulation there is less government regulation in order to increase efficiency and protect consumer's right, while full deregulation is the complete removal of control (PIDS, 2000, DPCGP, 2007). Currently, the Nigerian petroleum Industry is still exercising partial deregulation where government intervenes in order to increase efficiency and protect consumers from exorbitant prices of petroleum products.

**New petroleum industry Act 2021**

The law provides for two regulatory agencies – the Nigerian upstream petroleum regulatory commission (NUPRC) and the Nigerian midstream and Down stream petroleum regulatory Authority, (NMDPRA) that will be responsible for technical and commercial regulation of petroleum operation in their respective sectors and have the power to acquire, hold and dispose of property, as well as sue and be sued in their own name

The law commercializes state-owned enterprise, the Nigerian National Petroleum company (NNPC), turning it into the NNPC Ltd, a quasi-commercial entity the ownership of which shares shall be vested with government and the Ministries of Finance and petroleum shall hold the shares on behalf of the government

## AGRICULTURE IN NIGERIA

Agriculture was the bedrock of the Nigerian economy during pre-colonial and colonial eras, even early period of independence. Before the production of oil in large quantity around early 1970s agriculture remained the mainstay of the Nigerian economy. In 1960 agriculture contributed 89 percent to the total export of the country (Okongwu, 1986)

Among the roles conventionally ascribed to the agriculture sector in growing economy according to ( Abayomi, 1997) are the following

- Providing adequate food for increasing population
- Supplying adequate raw materials to a growing industrial sector.
- Constituting the major source of foreign exchange earnings, and
- Providing a market for the products of the industrial sector

But, agriculture in Nigeria has failed to play these roles mentioned above because of the crises which have bedeviled the sector right from colonial period. These crisis were the following:

- Shifting of farming system from food crop production to cash crop production just to serve the interest of colonial masters which latter led to food crisis and importation of food in to the country.
- Rural-urban drift- Western- typed of education introduced by colonial masters was not meant to developed technology base of the economy but rather to produce clerical offices and teachers who helped the colonialists. This succeeded in producing white-colour-job workers who attracted farmers in rural areas to come to city looking for jobs.
- Oil boom of 1970's made petrol-naira available to buy practically anything, including food. Government engaged in food importation and at the same time agricultural sector was neglected.
- The prices of cash crops declined in the world market

Fall in the price oil in the world market made successive governments in Nigeria developing strategy to revive agricultural sector. Various programs were introduced for this purpose some of which were the following:

- **National Accelerated Food Production Programme (NAFPP) 1972**
- **Operation feed the nation (OFN) 1976**
- **River Basin Rural Development Authorities 1976**
- **Green Revolution (1980)**
- **Back to Land (1984)**
- **Accelerated wheat production scheme (AWPP) 1987**
- **National Fadama Development Project 1990**

The main objectives of these programs were self-sufficiency in food production and diversification of the economy

## New Developments

### Agricultural Transformation Agenda (2011)

The main priority of the program was to "restart the clock" and introduce the Nigerian economy to sustainable agriculture centered on business-like attitude driven by private sector. That strategy was in place from 2011-2015. The ATA focused on how to make Nigeria's agriculture more productive, efficient and effective. It set a target of creating 3.5 million jobs by 2015; generating foreign exchange, and reducing spending on food imports. Among its achievements were the following;

- A restructuring of the of the federal fertilizer procurement system
- Set up the Growth Enhancement Scheme (GES) to register small holder farmers. GES contained 10.5 million farmers.
- In partnership with central Bank Committee, set up Nirsal Credit Guarantees
- Revival and partial N15 billion recapitalization of Bank of Agriculture

According to FMARD(2015) ATA did not achieve all set goals, because Nigeria imported about $3 to $5 billion worth of food annually especially wheat, rice and sundry items, including fresh fruits, as a result Nigeria was not food secured.

### The Green Alternative: Agricultural Promotion Policy (APP) (2016-2020)

FMARD Policy and Strategy document (2016) asserted that Nigeria was facing two key gap in agriculture; an inability to meet domestic food requirement and inability to export at quality levels required for market success.

Gap in Nigeria Demand and Supply across Key Crops (2016)

| Crop | Demand (tons) | Supply (tons) |
|---|---|---|
| Rice | 6.3 million | 2.3 million |
| Wheat | 4.7 million | 0.06 million |
| Maize/Corn | 7.5 million | 7.0 million |
| Soya beans | 0.7 million | 0.6 million |

| | | |
|---|---|---|
| Checkens | 200 million birds | 140 million birds |
| Fish | 2.7 million | 0.2 million |
| Tomato | 2.2 million | 0.8 million |
| Sorghum | 7.0 million | 6.2 million |
| Cotton | 0.7 million | 0.2 million |

Source: FMARD, Policy and Strategy Document, 2016

The new federal Agricultural promotion policy (APP) is a strategy that focuses on solving the core issues at the heart of limited food production and delivery of quality standard. The APP was targeted to build on the success of ATA and tackle the challenges faced by ATA. Thus, the APP program has the following objectives

- Food security
- Job creation
- Import substitution
- Economic diversification

**National Agricultural Technology and Innovation Policy (NATIP) (2021 – 2025)**

The policy was drafted to succeed agricultural promotion policy used from 2016 to 2020

## INDUSTRIAL/MANUFACTURING SECTOR IN NIGERIA

History shows that no country has ever become rich and developed by exporting raw materials without also having an industrial sector and in modern terms an advanced service sector (NIRP, 2014 ). The more a country specializes in the production of raw materials only, the poorer it becomes.

………industry multiplies nation wealth.

Manufacturing refers to the transformation or processing of material inputs into new products, assembly of component parts, processing of agricultural commodities, motor vehicle and bicycle repairs, repair of machinery and also processing of natural resources (Galadaci, 2010).

The drive for industrialization in Nigeria can be traced back to the early 1960's with the first National Development Plan for the period 1962-1968. Under this plan the country embraced import-substituting industrialization (ISI). The period of this plan witnessed the commissioning of energy projects such as Kanji dam and the Ughelli thermal plant, which provided a vital infrastructural backbone for the nascent industrial sector. Others are an oil refinery, a development bank and a mint and security company. In 1970's a series of increases in the international oil price generated substantial windfall revenues for the government. This period witnessed huge investment in state-owned enterprises. The period was marked by initiation of the manufacturing programme and hence intense economic activity but poor result since government attempts at diversification into non-traditional product such as steel, petrochemicals, fertilizer and vehicle assembly yielded little success.

The 1972 Act on indigenization of enterprises operating in Nigeria resulted in an indigenization policy which was consequently amended, repealed, and replaced by the Nigerian Enterprises promotion Act of 1977. The objectives of the policy were

- Transfer ownership and control to Nigerians in respect of these enterprises formerly owned (wholly or Partly) and controlled by foreigners.
- Foster widespread ownership of enterprises among Nigerian citizens.
- Create opportunities for Nigerian indigenous businessmen.
- Encourage foreign businessmen and investors to move from the unsophisticated spheres of the economy to domains where large investments are required.

The period 1980's coincided with the inception of global economic recession which sparked declining foreign exchange earnings, balance of payment disequilibrium and unemployment in Nigerian economy. As a result, the hugely import-based manufacturing sector was seriously hit. Plummeting world oil prices and dwindling foreign exchange earning left industries in need of foreign exchange to import raw materials and spare parts. Indeed, this global recession exposed profound weakness in Nigeria's industrial structure. Under structural Adjustment Program, several government enterprises were either commercialized or privatized.

**Nigerian Industrial Revolution Plan (NIRP) and National Enterprise Development Programme (NEDEP) (2014)**

Two ambitious and comprehensive industrialization programs were launched in 2014; Nigerian Industrial Revolution Plan (NIRP) and National Enterprise Development Program. The NIRP was aimed at development of a competitive advantage in the industrial sector of the country while NEDEP focuses on development of small and medium enterprise (SMES)

**Nigerian Industrial Revolution Plan (NIRP)**

According the then President of Nigeria, when launching the program, "The NIRP is the most ambitious and comprehensive program because it is based on the areas where Nigeria has competitive and comparative advantage". The program focuses on the three sectors; Agriculture, Solid minerals and Oil and Gas.

The objectives of NIRP are;

- Boost competitive advantage
- Create jobs
- Maintain trade balance
- Increase the current GDP of 4% to 10% over the next five years

Among the Policies of NIRP are the following

- Subsidizing long term loans
- Import substitution
- Adjust tariffs in order to import capital goods

**National Enterprise Development Programme (NEDEP)**

The NEDP program has been designed to address the challenges that are stifling the gross of the micro, small and medium enterprises in Nigeria. The main objective of the program is to create a minimum of one million jobs annually by strengthening the existing MSMEs in the country and making them employers of labor and creating new and sustainable enterprises in the country.

The implementing agencies are; Bank of industry, the small and medium enterprises development agency (SMDAN) and Industrial training Fund (ITF)

Interestingly, the current administration of Muhammad Buhari commended and promised to continue implementing NIRP and NEDEP programs initiated by immediate past administration (The Cable, 2016).

**Problems of Manufacturing/Industrial Sector in Nigeria**

- According to Galadaci (2010) and NIRP (2014) report, Nigerian industrial sector faces the following problems; poor infrastructure, policy inconsistency, low industrial skills and innovation, low patronage of locally produced goods, Naira depreciation makes cost of production high, Escalation of interest rate, Massive importation and smuggling of cheap goods

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