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National Policy on Industrialisation and Rural Development

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Introduction

Over the years, considerable interest has been shown by people from all walks of life in the development of rural areas both in the developed and less developed countries. In fact, politicians, administrators, international organisations and researchers (in the physical, applied and social sciences) have shown such increasing concerns that are culminating in the crusade for solving the problem of rural areas.¹ It is in recognition of these universal concerns that the United Nations Organisation named the second development decade and the 1970s as that of rural development.

However, of the industrial policies Nigeria has ever had, none has given adequate attention to rural industrialisation, despite the fact that almost all the raw materials for industrialisation come from rural areas. Many schools of thought have nonetheless prescribed various panacea for the problems of rural development. For instance, protagonists of industrialisation tend to emphasise industrial possibilities of rural development while

advocates of back-to-the-land see modernised agriculture with efficient utilisation of natural resources such as land, labour, forestry, livestock and minerals as well as allied processing operations, as possessing more promise at a faster rate of development of rural areas.² There is no doubt that the combination of the ideas of the two schools of thought can effectively launch the rural areas into a dynamic economic development model. This explains why the Federal Government of Nigeria by decree 39 of 1987 established the Raw Material Research and Development Council with the mandate to support and expedite industrial development through the optimal utilization of local raw material as inputs for Nigerian industries.

However, the problem and promises of rural development can become a nightmare if certain issues are not taken into consideration. Some of these issues are as follows:

- (i) The involvement of the local government authority in the formulation, implementation and monitoring of rural industrial policy,
- (ii) Socio-political stability to ensure continuity and sustainability of policies and programmes, and
- (iii) The provision of functional infrastructural facilities.

It is against this background that; this paper attempts to review all the national development plans as they affect industrialisation and the 1988 industrial policy (an update of 1980 industrial policy) in order to see how they have taken care of rural industrialisation and consequently rural development.

The paper is divided into five sections. The first gives a broad introduction to the focus of the paper and its mission. In the second part, we examine the stages of industrialisation during colonial and post-colonial Nigeria. A critical analysis of the development plans and the current Industrial Policy in the light of their care for rural

industrialisation is the main focus of section three. The fourth section discusses the nature and characteristics of rural environment. Section five of the paper contains conclusion and some proffered recommendations.

Industrialisation in the Colonial and Post Colonial Nigeria

Although planning for economic development in Nigeria can be traced to the Ten-year Plan of Development and Welfare of 1946, industrial planning objectives were not expressed clearly in any serious sense until 1962.³ During the colonial period, there appeared to have been no clear-cut industrial policy for the nation. This was not surprising given that the primary interest of the British colonial masters at that time which was the procurement of raw materials for their home industries. Therefore, all efforts at that time were directed towards the development of basic agricultural produce to serve this purpose. Road and rail networks were opened to evacuate these produce from the hinterland to the port for onward transportation to the metropolitan countries of Europe.⁴ As a deliberate policy Nigerians were trained to take up office jobs, menial jobs and petty trading as a strategy to ensure continuation of colonial rule. The country served not only as source of raw material for the British industries but also as market for finished goods for the same industries. Also, colonial capitalist economy destroyed traditional industrialisation efforts. For example soap making, craft, cloth making, pottery, and so on, that were thriving in pre-colonial times collapsed in the face of stiff competition with imported manufactured goods.

As earlier said, it was in 1962 that planning for development assumed a truly national outlook in Nigeria, but prior to that, the economic programmes of 1955 - 60 which was later revised in 1958 and extended to 1962,

revealed a negligible improvement in the degree of coordination of development programmes, with each of the four regional governments adopting its own separate plan. The country, as well as the various regional economic programmes, had varying goals and were conceived and executed virtually in isolation from one another with the report of the International Bank Mission of 1952⁵ serving as the only common frame of reference.

Post Colonial Industrialisation in Nigeria

First and foremost, it will be pertinent to explain the background which informed the nature of the plans and policy. In the following development plans and industrial policy, we shall see that the philosophy of development is based on capitalist ideology. There is the official thinking and belief that Nigeria must develop along the capitalist path. This development policies and programmes are characterised by a number of features which largely explain their relative success or total failure. These include the following:

- (a) ***Class Bias*** – Policies and their implementation are negatively biased against the poor, the rural dwellers. For example, they are largely by-passed in the formulation of policies and secondly they hardly get access to development inputs, be it fertilizer for farming or loan facilities to fund development projects;
- (b) ***Capital Intensive Nature of Projects*** – The capital outlay necessary for projects is usually beyond the reach of the rural poor; and
- (c) ***Dependence on Foreign Inputs***: Industrialisation efforts still suffer from the heavy dependence on foreign inputs especially capital goods, expertise and in some cases raw material.

Also, with the introduction of Structural Adjustment Programme (SAP) in 1986, efforts at industrialisation were seriously eroded. Due to high interest rates, ever-rising foreign exchange and the devaluation of the naira, many if not most, of the small-scale industries had collapsed. The liberalisation element of SAP has opened the door for unbridled importation of all sorts of goods thus seriously curtailing the ability of the few local industries to compete effectively.

After independence these were varied industrial development objectives. There were variations on the importance attached to industrial development. For instance, while the Eastern region pictured an economy in which agriculture and industry would be complementary, the Western region looked upon its industrial development programme as the instrument of structural transformation. Unfortunately, not much was achieved during this plan period. This was because of the sudden crash of commodity prices in the world market and the subsequent decline in the inflow of foreign investments.⁶

Then came the Second National Development plan (1970-1974) which was designed to lay down a solid foundation for a long-term steady growth of the development of the industrial sector. Some of the objectives were to:

- (i) promote even development and fair distribution of industries in all parts of the country,
- (ii) create more employment opportunities,
- (iii) increase the income realised from manufacturing activities,
- (iv) continue the programme of import-substitution as well as raising the level oil intermediate and capital goods production. (Federal government of Nigeria, 1970).

The plan also had as its major feature, the integration of state plans into the general framework of a national development plan. Yet an important weapon for achieving such integration is the industrial location policy on which the plan is very ambivalent. According to the plan, industries sponsored by the Federal and State Governments are, as a matter of location policy, to be sited purely on economic considerations, although a measure of administrative discrimination will be allowed in favour of less industrially developed towns and districts when considering the marginal levels of selective incentives. Based on the above, it seems that while integration was accepted as a desirable goal because of the multinational nature of Nigeria, the willingness to pay the price of attaining that goal was doubtful. Obviously, in order to translate all these laudable goals into reality, the federal government came up with Nigerian Enterprises Promotion Decree and the Indigenisation Decree of 1972. Also, the government set up the Nigerian Industrial Development Bank (NIDB) and the Nigerian Bank for Commerce and Industry (NBCI) to give loans to Nigerian businessmen to put up some foreign enterprises, purchase shares in others and establish new ventures. Some dormant Laws and Acts were revived (Industrial Development (import duties relief) Act 1957 and Dumped and Subsidised Goods Act No. 55 of 1958). New laws were promulgated to encourage industrialists. Government also outlined the priority areas of rapid industrialisation in the country. These were agro-allied industries, petrochemical industries, greater integration, linkage and diversification of the textile industries, integrated iron and steel complex, motor vehicles assembly plants and related industries. Not much was achieved in this direction because of shortcomings of the policy objectives.

The 1976 - 80 Third Development Plan period however,

witnessed no marked difference from the second plan. There were only minor deletions and additions to the existing policy guidelines on industrial sector during the plan period. They are as follows:

- (i) liberalisation of industrialisation policy to encourage indigenous and foreign entrepreneurs in most of the industrial sector;
- (ii) increased use of the Nigerian Bank for Commerce and Industry and the Nigerian Industrial Development Bank and indirect government participation as the main instruments of ownership and indigenisation of business.

Even the development of small-scale industries would create employment. The reason being that small-scale industries would create employment opportunities, mobilisation of local resources, mitigation of rural-urban migration and more even distribution of industrial enterprises in different parts of the country.

Also, notable features of industrialisation at this period were the importance of raw material import, assembly plants, import substitution, emphasis on export promotion industries as against production of local intermediate goods, joint venture investments between the federal government and foreign firms. In spite of all these, there was little to show in the area of industrialisation. Between 1970 and 1974, for example, the industrial sector contributed a mere 4 per cent of the Gross Domestic Product (GDP). In 1976, it limped to 7 per cent of the GDP only to experience a serious decline to 6 per cent shortly thereafter. During this period also, over 90 per cent of the total industrial output were consumer goods with hardly any production of capital goods or intermediate goods.⁷

Then came the Fourth National Development Plan (1980 - 85) which has its objectives, among others:

- (i) to ensure increased level of self-reliance with supply of industrial products;
- (ii) to increase the local resource content of manufacturing output, increase substitution of local raw materials and manpower for imports;
- (iii) to increase employment opportunities; and
- (iv) to promote more even dispersal of industries.

This plan has its shortcoming in that at the implementation level, much was not achieved. In fact, of all development plans, none gave adequate attention to rural industrialisation in terms of policy making and implementation.

The 1988 Industrial Policy and Rural Industrialisation

The 1988 industrial policy which is an update of that of 1980 was set up to guide the nation's industrial development. It was set up within the framework of Structural Adjustment Programme (SAP) with orientation towards greater deregulation and improvement of market.⁸ Virtually all the elements of the industrial policy are contained in the development plans. For instance, the elements of policy objectives include:

- (i) provide greater employment opportunities;
- (ii) dispersal of industries;
- (iii) increased local content of industrial output;
- (iv) attracting foreign capital and increased private participation in the industrial sector.

Having acquainted ourselves with the content of the development plans and industrial policy, the questions we should be asking ourselves among others are: what went wrong and where do we need modification? Of what need or importance is rural industrialisation to rural development?

Critical Analysis of the Development Plans and the 1988 Industrial Policy in Relation to Rural Industrialisation

In assessing the objectives of the development plans and industrial policy, the following loopholes have been observed: The common objectives that are contained in all the development plans and the policy are promotion of even development and fair distribution of industries in all parts of the country. In this regard, mention was not made on how to increase industrial development of the neglected rural areas. Also, necessary infrastructural facilities like electricity, good roads, water, and so on, have not been put in place in order to encourage rural industrialisation and stem rural-urban drift.

For increased use of local raw materials, specific attention was not given to the siting of industries very close to the sources of raw material (mainly found in rural areas) and the importation of raw material has not been discouraged. In the area of employment generation, nothing was said on how to create job opportunities in the rural areas, even the incentives do not take care of that. It is a known fact that the industrial sector ranks high as an employer of labour and provides the greatest prospect for absorbing the manpower being churned out from our educational and training institutions. The plan and the policy, however, concentrate on providing job opportunities in the big industries like petrochemical industries, steel plants and rolling mills which are located mainly in the urban areas. No mention was made of rural areas where many job seekers reside.

Some of the development plans (3rd and 4th) and the industrial policy considered the development of small-scale industries as strategies for rural industrialisation. The reason being that small-scale industries would create employment opportunities, easy to manage, utilise local sources and stem rural-urban migration. The small-scale

industries were to receive special encouragement by way of loans, provision of infrastructure, extension services as well as other incentives necessary for the growth of the small-scale industries.⁹ A financial institution like Nigerian Bank for Commerce and Industries (NBCI) was involved in the disbursement of loans. These small-scale industries were mainly using locally-sourced raw materials which are mainly located in the rural areas, yet only a negligible number of these small-scale industries are found in rural areas!

Also, adequate implementation strategies were not articulated and utilised for the establishment of small-scale industries especially in the area of location. Most industrialists preferred urban to rural areas for their location. As regards increase in domestic content of industrial output, the plans/policy mentioned the establishment of these industries which produce raw materials for other industries. The need to site those industries in rural areas was not taken into consideration by the Policy.

From the above analysis, it stands to reason that the 1988 industrial policy did not contain any distinct improvement over the previous development plans. For instance, within the new industrial policy framework, the essential features of the old strategies were retained. These are:

- the need to encourage the growth of small-scale industries;
- the desire to improve the credit delivery system to small-scale industries which led to the establishment of the federal loans board during the First National Plan;
- The setting up of the NBCI by Decree No. 22 of 1973 along with the bank's ultimate greater involvement in credit delivery during the Fourth Development

Plan (1980 – 85) still remained very much the policy focuses in the 1988 Industrial Policy.

It is also clear that little or no attention was given to rural industrialisation and this explains why the few that were established did not last. Also, little opportunity existed for active participation of rural governance and dwellers in the rural industrialisation process. Even when rural-based organisations such as Cooperatives were encouraged, very little consideration was given to their roles as intermediaries designed to promote grassroots activities. Provision was not made for sustaining adequate facilities like good roads, electricity, water, hospitals, and so on, that would encourage rural industrialisation.

The Nature and Characteristics of Rural Environment

Nkom¹⁰ sees rural development as having to do with a fundamental change of the nation's mode of production with the hope of bringing about an efficient activity pattern capable of promoting massive food production and other goods and services. It is also largely concerned with raising the quality of life of people living in the rural areas through, housing, health and education as well as creating opportunities for employment and human development. In a more general sense, rural development involves a deep and sustained commitment to the qualitative improvement in social, economic, political and ecological wellbeing of individuals at the rural level.

Although most urban formations owe their sources of growth and survival to the rural areas, rural areas suffer a lot of disabilities because of this linkage. Almost all the food crops that are required for the sustenance of lives in the urban areas are derived from the rural areas because a good number of rural dwellers are actively involved in agrarian activities. Industries that are located in the urban

areas and provide job opportunities for the urban dwellers are sustained by their resources. With these obvious facts, why then do we talk of rural development when almost all the necessary resources or inputs needed for the development of urban areas are derived from the rural areas?

The origin of rural formation is traceable to the colonialism era because of the complete neglect the sector suffered. Basic infrastructural facilities were not provided, yet this sector met the raw material requirements of the colonial state. As earlier stated, certain institutional structures like District Office, Native Authority were purposely put in place to ensure the observance and maintenance of law and order which were crucial to ensure maximum exploitation of the local resources. We can therefore say that colonialism gave rise to the underdevelopment of rural areas in Nigeria; because of:-

- the persistent neglect of rural areas in terms of non-provision of certain basic infrastructural facilities which would have helped in transforming them;
- undue emphasis on the production of cash crops to meet the raw materials requirements of the colonial state and perpetuating poverty in the rural areas thereby;
- deep commitment of colonial state to the maintenance of law and order in both the rural and the urban areas did compel the people to be subservient to the colonial state and would therefore hardly protest any repressive policy;
- general perception by the colonial master of rural areas as cheap sources of labour which could easily be mobilised to undertake any project that would facilitate the advancement of the interest of the colonialists. Forced labour, for instance, considerably

undermined the productive capabilities of the victims as they were made to work like donkeys.

So, given these realities and the obvious disabilities most rural areas in Nigeria suffer, it is hardly in doubt that a sharp gap exists between the rural sector and the urban formation. The socio-economic formation of rural areas is a simple one as relationships are interpersonal unlike that of urban formation where it is impersonal. In addition to agrarian activities, in which a predominant segment of rural population is involved, other areas like carpentry, blacksmithing, trading, and so on, are also predominantly done. It must be stressed here that even though the rural dwellers engage in other sectors of the economy, agrarian practice still remains the main activity of rural economy. They hardly go beyond subsistence agriculture for obvious limitations.

It is a widely shared perception by scholars like Olayide¹¹ that rural and urban sectors in Nigeria must form an integrated whole because they are essentially complementary. It is hardly possible for our urban areas to grow satisfactorily while the rural country side is poverty-stricken. When the rural areas are developed, then the urban areas will benefit tremendously from utilising their resources. Since major raw materials for industrial development are located in the rural areas (as seen in Table I) it becomes pertinent that these rural areas should be industrially developed. The abundance of natural resources especially in the rural areas is an opportunity for rural industrialisation and development. This is in line with Ndam's¹² comment on Nigeria's industrialisation where he expressed concern over low level of industrialisation in Nigeria believing that it was not commensurate with its abundant natural resources especially in the rural areas.

There is an absence of vigorous economic activities in

rural areas. As a result of this, able-bodied workforce migrate from these communities to the urban centres where they take up odd and petty jobs. The resultant effect is that both the able-bodied immigrants, now in urban areas and their abandoned responsibilities constitute a liability to themselves and government and further end up as drug addicts, petty thieves and armed robbers. With the above observations, the persistent neglect of the rural areas would no doubt stagnate the rate of development of the urban areas.

However, this explains why local government areas are established to facilitate the task of resource mobilisation at the local government level. The programmes and policies evolved by both state and federal governments are implemented by the local governments because of their nearness to the people and are in better position to mobilize them for the task of national development. But the implementation of these programmes has proved difficult. Beckman¹³ proposed two strategies for rural development. The first one was the establishment of Integrated Agricultural Development Projects (ADPs). These were joint federal -state government schemes. Their main function was that of providing inputs, credits, extension services, roads and earth dams for water supply. The target group of this strategy was the farmers. The second strategy concerned the creation of River Basin Development Authorities. It involves the development of River basins in order to create regions of agricultural abundance to serve as places for year-round food production. These two strategies have failed according to Beckman.¹⁴

Also, the provision of social services is reckoned within Nigeria as far as rural development is concerned. These social services include water, good access roads, education, health, electricity and communication. Provision of these is necessary for easy transportation of raw material and

manufactured goods to and from rural areas. It also facilitates the location and even dispersal of industries. Job opportunities would be created thereby stemming rural-urban migration. Also, crucial in rural industrialisation is a good feasible policy which should involve local government authorities at its formulation.

Within small communities, people could have the initiative, enthusiasm, concentration of energies to adapt and make the development objectives of the federal and state governments more realistic to local needs and circumstance.¹⁵ The stand of this paper is that rural industrialisation can only come about if people in the rural areas of Nigeria are empowered and are able to organise such power in their own interest. Such can be clearly articulated in the policy for rural industrialisation. It is also pertinent to say at this juncture that the above goals could be achieved only when government is stable and democratic.

Conclusion

Industrial Policy in Nigeria is not a recent phenomenon. It dates back to 1962. The 1988 industrial policy and the development plans had provisions for industrialisation, to deal with the age-long problem of national industrialisation. However, in all these provisions, adequate attention were not given to rural industrialisation. Where attempts were made, they were done in passing and effective implementation strategies were not in place for the realisation of the goal.

The concern for rural industrialisation is based on the fact that the rural populace must not be neglected. In line with the rural industrialisation process, this paper now calls for easy accessibility to these rural areas especially as they constitute where most of the local raw materials are found. It is also believed that if the rural areas are developed, urban

areas will not suffer setbacks in their supplies from the rural areas.

Equally important is the establishment of social services in rural areas, industrial policy that is rural-oriented and backed up by a stable political condition. The rural dwellers and government at local level are the people who should be involved in policy making, implementation and monitoring.

Recommendations

In order to promote and realise sustainable rural industrialisation for rural development, as many people-oriented, organisational skills as possible should be employed. It is towards achieving this lofty objective that the following suggestions are proffered:

- (1) There is need for a separate rural industrial policy which will be specifically for rural industrialisation. The contents of this policy will be fashioned by local government functionaries. Even the role of planning implementation and monitoring will be devolved to the local government personnel.
- (2) For organisational policy instrument, the effective organisations for mobilising rural industrialisation are partnerships, cooperatives and community action. The socio-economic and cultural characteristics of each rural community will determine the organisation's framework of operation - business, industries and cottage industry.
- (3) Rural industry development grants, both block and machines should be provided by government for those enterprises attested through feasibility studies.
- (4) Provisions should be made for adequate infra-structural facilities such as rural motorable roads, telephone, water supplies, hospitals, banks, electrification, and so on, the contention being that

rural industrialisation cannot succeed in accelerating rural development without provision of the above facilities.

- (5) With provision of the above facilities and availability of raw material resources, industries would be evenly dispersed in the rural areas and this will provide job opportunities and stem rural - urban migration phenomenon.
- (6) Appropriate political institutions at the local level should be created to carry out rural industrialisation.
- (7) Finally, there is need for a stable, democratic government to be in place, at the state and federal level before a sustainable industrialisation of rural area could be achieved.

Table 1

Raw Materials	States of Location	Processed Products
Cattle, goats and sheep	Borno, Bauchi, Kano, Kaduna Sokoto	Hides, Leather goods, fresh and frozen meat, bones, blood, skins, wool, milk.
Domestic; fowls, chicken, ducks, turkey	Most parts of Nigeria	Eggs, broilers, meat
Tomatoes, oranges, pineapples, mangoes, etc	Widely grown in parts of Nigeria	Natural and concentrated juice, jam, animal feed, sugar syrup
Onions, beans, carrots, potatoes and other vegetables	Most parts of Nigeria	Dehydrated vegetables and other food products
Fish	Mangrove swamp, Lake Chad, Main rivers in Nigeria, (Niger, Benue, Ogun, Forcados, Cross river and Kaduna River) and Nigeria Territorial waters	Fish meal, fish oils, fresh and frozen fish.
Cotton seeds, groundnuts, coconuts, palm kernel, palm oil, Soya bean	Anambra, enugu, Cross River, Rivers, Edo, Delta, Imo, Ondo, Benue, Adamawa, Taraba, Oyo and Kwara State	Edible oil, soap, and detergents lubricants

Raw Materials	States of Location	Processed Products
Maize, guinea corn (Sorghum) millet	Ogun, Ondo, Benue, Edo, Delta, Adamawa, Taraba, Bauchi, Kaduna, Sokoto, Kano, Borno, Oyo, Anambra, Enugu, Imo, Cross River and Kwara State	Cornflakes, (cereal and flaking process) cakes, flour, animal feed, starch and other food products
Rice	Adamawa, Taraba, Imo, Ogun, Borno, Anambra State	Whole rice, broken rice
Cocoa	Ogun, Oyo, Ondo States	Cocoa butter, chocolate sweets, soap and cosmetics, wine, beverages and other confectionery and bakery
Yam, cassava, maize	Oyo, Adamawa, Imo, Kaduna, Anambra, Ogun, Cross River, Kogi, Ondo, Bendel and River States	Glucose, food starch for textiles and paper industries and laundries.
Cotton	Kano, Oyo, Kaduna, Adamawa, Taraba, Kwara States	Textiles medicated guaze, sanitary pad
Wood	Anambra, Delta, Edo, Imo, Oyo, Ondo, Benue, Cross River, Ogun States	Wood products construction and building industries.
Coal	Enugu and Benue State	Fuel, gases and oil

Raw Materials	States of Location	Processed Products
Lignite	Edo and Delta States	Industrial use similar to coal and for production of nitrate fertilizer
Crude petroleum	Edo, Imo, Cross river and Rivers States	Petroleum products, oils, gases exhylene, propylene and olegins products, insectides.
Natural gas	Edo, Delta, Cross River, Imo, and River States	Ammonia/urea for nitrogenous fertilizers
Clay (Kaolin)	Ogun, Enugu, Bauchi, Kano States	Ceramic wares, sanitary wares, tiles, pottery bricks

Source: Federal Ministry of Agriculture, Water Resource and Rural Development, External and Agricultural Investment Bureau, 1626 Saka Jojo Street, Victoria Island, March 1986.

Notes

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