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Reappraising the Role of Government in the Revitalisation of Dormant Enterprises in Nigeria: Some Matters Arising

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Abstract: Government policies should usher in an enabling environment for businesses to thrive, reduce inflation, boost employment, increase the Gross Domestic Product (GDP), and create wealth for the citizens. On paper, the “Nigeria First” policy (apparently modelled after Donald Trump’s contentious “America First” policy) could boost local production and encourage consumers to patronise made-in-Nigeria goods, with all the expected benefits. Leaders whose actions are anchored on practical examples will be emulated more than those who preach what they have no intention of practicing. This paper reappraises the policies aimed at revitalising the country’s faltering industries and prescribes possible remedial measures that would change the narrative. Using quantitative and thematic analyses models, the paper identifies the major policy thrusts and highlights the key obstacles to the seamless implementation of the government’s stated policies. The study examines past government interventions, especially the 2017 National Industrial Policy, with emphasis on such disruptive tendencies as agonising bureaucracy, tax incentives, poor electricity supply, corruption, and demands by community youths. The study also relies on secondary data to assess the impact of public-private partnerships on enterprise growth and highlights some observed gaps in the implementation processes. The paper recommends measures to boost enterprise growth through targeted and inclusive government policies.

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1. Introduction

To reappraise something means to take another hard look at what is not working and devise a better way forward. It involves admitting failure and changing direction, leading to more effective ways to improve dormant policies by identifying weak links in the chain and adjusting them to breathe new life into them. Revitalising Nigeria’s struggling industrial sector will require many proactive measures, some of which are outlined in this paper. Efforts aimed at reviving failing enterprises in Nigeria would require targeted policy formulation and implementation, including the strong political will to increase industrial production on a scale that once made Nigeria the envy of other West African countries. The study acknowledges that the government of President Bola Ahmed Tinubu has made some encouraging policy statements, but turning these into actions that revitalise the sector and boost production is the main focus of this paper. Nigeria is often called the “Giant of Africa.” Despite abundant human and natural resources, however, the

country has yet to experience the industrial revolution needed to raise living standards and boost exports to generate the much-needed foreign exchange[1].

Nigeria's large market and resourceful population should transform it into a major industrial hub, but it is quite a sad commentary that the sector faces numerous challenges, including poor infrastructure, policy inconsistencies, and limited access to supportive financial services. If the government is serious about turning around the struggling industrial sector, especially SMEs, it needs to implement new economic diversification plans in key sectors, such as implementing policy consistency, a favourable tax regime, reliable power supply, anti-corruption laws, and dismantling illegal roadblocks set up by security agencies and aggressive community youths. Recognising that revitalising the enterprise sector is vital for creating jobs, fostering innovation, and increasing the country's GDP, policymakers and stakeholders must understand that enterprises face hurdles such as epileptic electricity supply, conflicting policies from multiple government agencies, and ongoing security issues[2]. The crucial question remains: how serious is the government in developing effective policies and strategies that would directly address the daunting challenges facing Nigeria's declining industrial sector and output? These are some of the questions we attempted to answer in this study.

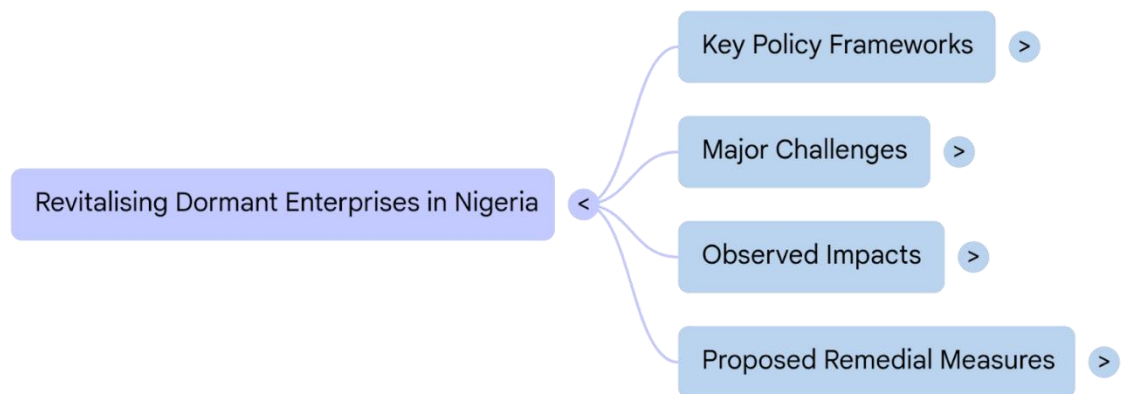


Figure 1. Four key steps towards reviving SEMs in Nigeria.

Figure 1. presents a conceptual framework outlining four interconnected steps for revitalising dormant small and medium enterprises (SMEs) in Nigeria. The model begins with the identification of **key policy frameworks** guiding enterprise development, followed by an assessment of **major challenges** constraining business performance. It then highlights the **observed impacts** of existing policies and interventions on enterprise growth. Finally, the framework proposes **remedial measures** aimed at addressing identified gaps and strengthening the overall business environment. Collectively, the figure emphasises a structured and sequential approach to restoring SME viability and promoting sustainable enterprise growth in Nigeria.

Appraising Government Policies Direction

The best place to start is Nigeria's current National Industrial Policy (NIP), which the government launched in 2017. The NIP seeks to address such critical industrial sectors as textile, agro-processing (value addition to raw materials), and vehicle assembly lines that once powered a substantial part of the nation's economy, created thousands of jobs, and saved valuable foreign exchange. The NIP was also designed to provide investors with critical incentives and enabling operational environments, an end to multiple taxation, and tax breaks, including import waivers and security guarantees. Development of key municipal services, such as a good road network, uninterrupted power supply, checking the unwholesome activities of touts, community leaders, and building designated industrial parks with the necessary amenities, will serve as some of the remedial measures,

etc. Promotion of Small and Medium Enterprises (SMEs) was also built into the enterprise support system. The provision of the “SME Toolkit” was meant to provide small-scale entrepreneurs with easy access to soft loans and mentorship[3-4].

For instance, in 2024, the Rivers State Government paid its counterpart funding to the Rivers State Microfinance Agency to the tune of N4 billion for disbursement to 1,000 SMEs in the State as a matching fund scheme for the Bank of Industry grant. The micro-credit was made available to micro-business operators in Rivers State at an interest rate of 7.5%[5]. The government also followed up with the commendable “Nigeria Industrial Revolution Plan” (NIRP), with the stated objective of addressing job creation, skills acquisition, and the intentional and sustained promotion of local content utilisation (i.e., “Buy Nigeria” campaign), which appears to be observed more in the breach by those charged with the responsibility of driving the campaign. The “America First” principle championed by Donald Trump in his second coming to the White House emphasises prioritising American interests, national sovereignty, and security. The key aspects of the policy include protecting US jobs and industries, strengthening borders and immigration control, promoting fair trade deals, and enhancing national defence[6]. Compared to Trump’s economic vision of America, Tinubu’s “Nigeria First” policy appears to be more of a catchphrase than a realistic economic or industrial policy[7].

Very few serious investors would risk investing their hard-earned funds in a country with inconsistent industrial policies and inadequate infrastructure, expecting meaningful returns. Although the administration has made some measurable progress with its industrial policy, many analysts agree that the government needs to attract more investment into railways, air, and seaports, as well as invest in renewable energy to cut operational costs and help investors be profitable. These costs often lead to higher wholesale and retail prices that consumers have to bear. For years, if not decades, investors and policy analysts have lamented the overwhelming bureaucratic red tape that hampers the “ease of doing business” in Nigeria[8]. Does it make sense that it once took over a year for a potential investor to register a business with the Corporate Affairs Commission, not to mention the demand for kickbacks at various stages before reaching the right desk for final approval? Why do Nigerian importers prefer bringing in their vehicles and other goods through the port of Benin Republic instead of the ports of Lagos, like Apapa and Tin Can Island, or the Nigerian Ports Authority and Onne ports in Port Harcourt? These operational challenges highlight the urgent need for government reforms to tackle these issues and make Nigeria more attractive to both local and foreign investors. Everyone agrees that improving the “ease of doing business” requires removing artificial barriers that currently restrict Nigeria’s business ecosystem, including registration, municipal services, and operational infrastructure that drive efficiency[9]. Policy flip-flops are at the root of the decline of industries that once thrived in Nigeria’s manufacturing sector, which largely lies fallow today.

Challenges facing the NIP

Citing an unfavourable economic climate, foreign exchange scarcity, difficulties associated with profit repatriation, frequent policy changes, insecurity, and incessant community demands, many high-profile companies left Nigeria, with some relocating to less-endowed neighbouring countries from which they now export finished products back to Nigeria. For instance, pharmaceutical giants, *GlaxoSmithKline* (GSK), left Nigeria in August 2023 after 51 years of doing business here, while *Sanofi-Aventis* followed suit in November 2023[10]. Another drug company, *Kimberly-Clark*, left in June 2024. In the critical oil and gas business, Shell Petroleum Development Company, *AGIP*, *TOTAL* Energies (onshore), and *Equinor* divested from Nigeria. *WILLBROS* and some other oil servicing companies also followed suit. In the digital and communication sector, *Microsoft* unceremoniously shut down its African Development Centre in Lagos in May 2024, while *Diego* auctioned its *Guinness* Nigeria stake in June 2024. *Holcim* sold its stake in cement

giant *Lafarge Africa Plc* in 2024[11]. Also, *Tower Aluminium* shut down operations back in 2000, while *Etisalat* left in 2017 (sources: *Vanguard*, ICIR, *Daily Trust*, Official Company Statements, Economic Research Groups, Nigerian Government Reports). Many more companies have left than the few listed above. PZ Cussons has sold its 50% stake in PZ Wilmar Limited, a non-core edible oils business in Nigeria. Happily, PZ Cussons, a British consumer goods company, has decided not to leave Nigeria, abandoning its earlier plans to exit the African continent altogether. This cheering decision follows what the company describes as signs of economic recovery and strong population growth forecasts in Nigeria and across Africa[12].

A recent business report aired on Nigeria's *Channels Television* indicated that a humongous 91% of enterprise activities are based on subsistence manufacturing, and their vulnerability directly impacts the economy. The report stated that the largest companies in Nigeria export just under 3 percent of goods to other countries! The "nano micro firms" focus almost exclusively on the domestic market and source scarce foreign exchange with which to import certain raw materials for production. Such low-level subsistence manufacturing activities cannot lead Nigerians out of poverty or create wealth on a scale we see in developed economies. In the absence of a clear-cut implementation plan for the Nigerian Industrial Plan (NIP), the document will likely remain a wish list that would take a long time to yield dividends. Available records indicate that the last comprehensive industrial policy was rolled out in 2014, while the country eagerly awaits another comprehensive National Industrial Policy that will be devoid of political intrigue and election campaign timelines.

We had earlier identified policy somersaults and the pursuit of pecuniary interests as some of the key challenges facing the full revitalisation of Nigerian industries. Frequent changes in policy direction cause disruptions and sow mistrust among investors, who cannot plan with any certainty. Foreign and local investors also worry about policy implementation gaps that disrupt their long-term planning and profitability. There is also the worrying issue of having to relate to poorly skilled, bribe-seeking officers in critical decision-making positions. Such incompetent government officials are regrettably incapable of matching the insight of professional business investors who desire to work with competent personnel to save time and money wasted on bribe-seeking officers who do not share the government's drive to attract foreign direct investment (FDI) to reflate private enterprises.

Critics caution that unnecessary disruptions of project timelines undermine the government's stated efforts to create incentives for revitalising failing industries and generating employment for the many youths who often turn to crime and other social vices that portray the nation in a bad light. Easy access to operational loans and grants is crucial if the government truly aims to revive dormant businesses nationwide. It is not clear why politicians and their portfolio-carrying allies have easier access to government financial patronage than genuine entrepreneurs. For example, no one has satisfactorily explained how fertilisers intended for farmers to boost food production end up in the hands of greedy middlemen and women with no involvement in farming. Even when these loans are available, banks impose high interest rates and strict lending criteria that scuttle the government's goal of rapidly growing SMEs. Recently, rising insecurity rooted in crime, banditry, Islamic fundamentalism, and separatist movements has severely hindered Nigeria's otherwise commendable efforts to foster a conducive environment for investors and producers of household goods, which could boost the economy and create jobs. It is well known that investors will withdraw from insecure locations that do not promise profitable returns, since every business is established for profit.

2. Methodology

The current study used a qualitative approach, primarily based on the review of government agency reports, policy initiatives, and existing literature on the subject. It also employed the thematic analysis method, focusing on the strengths, weaknesses, threats, and opportunities (SWOT) model to assess recent intervention programmes by the Federal Government of Nigeria aimed at revitalising struggling industries and establishing new ones to open shop.

Some Gains of the 2017 NIP Initiative

Despite the pictures of gloom and doom painted above, there is no doubt that the NIP incentives are gradually driving Nigeria in the right direction. It is a known fact that policies meant to revive the dormant industries will take some time to bear the desired results. These few movements in the right direction are pointers to the fact that the country's industries may well be revitalised with the right policies and political will to drive the process. Very few critics of the government would deny the fact that the ease of doing business has continued to record positive indicators by the day, albeit gradually. For instance, available data show that Nigeria ranked 116 in 2022, as against 131 ranking in 2017; while non-oil activities such as agriculture and the services sector continue to show encouraging growth. Available data from the Key Indicators of Enterprise Growth in Nigeria (2017-2022) in non-oil sectors like agriculture (3.8% GDP contribution in Q1 2022) and services (53.4% GDP contribution in Q1 2022) are positive signs of better days on the economic horizon, while the registration of over 1.5 million SMEs with the Corporate Affairs Commission as of 2022 show that small and medium-size enterprises are gradually picking up with the NIP policy thrust. Data from the Federal Inland Revenue Service (FIRS) indicate that the NIP contributed a 12% increase to manufacturing output between 2017 and 2021, while tax incentives saved Small and Medium-scale enterprises about ₦200 billion in 2021. The data confirmed that Public-Private Partnerships (PPP) activities attracted \$1.2 billion in investments in the energy sector infrastructure between 2020 and 2022. There is, however, a general chorus of agreement that much more still needs to be done to pull the country's once thriving industrial sector out of the woods and improve productivity, once more.

3. Results and Discussion

The Key Indicators of Enterprise Growth in Nigeria show a vast tranche of dormant industrial parks and factories, which analysts are quick to blame on policy, infrastructure, and other gaps. They also identify low disbursement of SME loan packages amid stringent lending criteria and galloping interest rates as major drawbacks of the industrial sector policies in Nigeria.

The Manufacturers Association of Nigeria (MAN) has identified some of the major roadblocks against industrial growth and competitive edge in Nigeria as reproduced below:

1. Infrastructure Deficit: Inadequate power supply, poor transportation networks, and limited access to reliable internet connectivity increase operational costs and reduce competitiveness.
2. Access to Finance: High interest rates, stringent collateral requirements, and limited access to long-term capital constrain business expansion and innovation.
3. Policy Inconsistency: Frequent policy shifts and reversals create uncertainty, making it difficult for businesses to plan and invest for the long term.
4. Regulatory Burden: Cumbersome registration processes, multiple taxation, and bureaucratic red tape discourage entrepreneurship and encourage informality.
5. Insecurity: Banditry, kidnapping, and unrest disrupt supply chains, increase security costs, and deter investment.

6. Skills Gap: Limited access to skilled labour, vocational training, and digital literacy programmes hinders innovation and productivity.
7. Corruption: Corruption and graft increase the cost of doing business, undermine trust in institutions, and discourage investment.
8. Limited Access to Markets: Small and Medium Enterprises (SMEs) struggle to access domestic and international markets due to limited networks, branding issues, and marketing capabilities.
9. Technological Adoption: Low adoption of technology, limited digital infrastructure, and cybersecurity concerns hinder business efficiency and competitiveness.
10. Environmental Challenges: Climate change, pollution, and waste management issues affect business operations and sustainability (Source: Key Indicators of Enterprise Growth in Nigeria, 2017-2022).

Underutilised industrial parks (only 30% occupancy rate in federal parks) due to infrastructure gaps. Low uptake of SME loans (only 5% of SMEs access formal credit, World Bank 2021). High production costs with average manufacturing capacity utilisation at 54% in 2022 (Manufacturers Association of Nigeria).

Table 1. Key Indicators of Enterprise Growth in Nigeria (2017-2022).

Indicator	2017	2022	Change
Ease of Doing Business Rank	131	116	+15
Manufacturing GDP Contribution (%)	9.1	11.2	+2.1
SME Loan Access (%)	4	5	+1
Industrial Park Occupancy (%)	20	30	+10

Table 1. presents selected indicators of enterprise growth in Nigeria between 2017 and 2022, showing modest but positive improvements across key economic measures. The Ease of Doing Business ranking improved from 131 to 116, indicating gradual regulatory and procedural reforms. Manufacturing's contribution to GDP increased from 9.1% to 11.2%, reflecting slow but steady industrial recovery. Access to SME loans rose marginally from 4% to 5%, highlighting continued constraints in enterprise financing. Industrial park occupancy increased from 20% to 30%, suggesting some progress in industrial infrastructure utilisation, although significant capacity remains underused.

Impact on Enterprise Growth

These challenges have far-reaching consequences that include:

- Reduced economic diversification
- Limited job creation
- Decreased competitiveness
- Increased poverty and inequality
- Brain drain and talent flight

Addressing the Challenges

Efforts aimed at surmounting the observed obstacles above could be made easier if the public and private sectors, including development partners, agree to work in concert in the following areas:

- Invest in infrastructure development
- Implement policy reforms and simplification of regulatory frameworks
- Enhance access to finance and markets
- Promote skills development and digital literacy
- Strengthen institutions and governance

- Foster public-private partnerships

These reforms, if properly implemented, can revitalise the entrepreneurship space, increase economic output, and create prosperity for Nigerians.



Source: Federal Government of Nigeria [13].

Figure 2. Model for Nigeria's industrial reset.

This figure illustrates Nigeria's industrial reset as a transition from persistent structural constraints to sustainable industrial growth. It identifies major challenges such as critical infrastructure deficits, limited access to finance for SMEs, policy instability, and regulatory bottlenecks that hinder industrial performance. The model further presents key pathways for revitalisation, including ensuring policy stability and coordination, expanding access to finance and skills development, and overhauling critical infrastructure, particularly in the power and transport sectors. Overall, Fig. 2 provides an integrated framework for restoring investor confidence, improving productivity, and accelerating Nigeria's industrial development.

Recommendations

What has emerged from the foregoing analysis is that Nigeria needs a better policy thrust and political will to restore investor confidence, especially those who pulled the plug on Nigeria several years ago. Unstable policy directions confuse investors and send the wrong signal that the country is not ready to promote the ease of doing business[14]. Experts have also advised the government to set up "a central coordination unit to align federal and state initiatives" and make policies that grant easy access to small-scale businesses to thrive and contribute their own quota to the NIP. The government needs to be more inclusive in the disbursement of "low-interest loan schemes and equity financing options." The Federal and State governments should collaborate with the "coalition of the willing" in the private sector to train young people on trending machine learning to acquire skills that can power industrial utilisation and create employment.

These vital artisanal and digital skills can be better acquired at vocational centres that are no longer prioritised in the country. Nigeria can adopt certain aspects of the celebrated Chinese industrialisation models that lifted many of that country's citizens out of poverty. The government should leverage solar power and other alternative renewable energy sources to reduce the rising costs of electricity, which is crucial for powering industrial

activities[15]. Nigeria should tap into the European Union's trade infrastructure currently being implemented in selected African countries to revive its infrastructure development plan in mutually beneficial ways that strengthen the supply chain. The place to start is for the government to seriously consider decentralising the generation, transmission, and distribution components of the critical power sector. The government should also make the various export processing zones more functional to achieve the purpose for which they were established.

4. Conclusion

In conclusion, we submit that the revitalisation of Nigeria's enterprises would require a clear policy direction and the political will to ensure policy stability, put the right infrastructure in place, and provide financial support to "nano micro forms" to unleash their full potential. Copying what worked elsewhere and reversing the observed gaps will go a long way in turning the parlous situation around. Those responsible for implementing the NIP initiative cannot afford to underestimate the importance of collaborating with critical stakeholders and development partners to unlock Nigeria's abundant industrial potential and drive inclusive growth.

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