



Issues On
**DE-INDUSTRIALISATION
OF NORTHERN NIGERIA:**
Which Way Out?

Being Address By
The Chief Servant,
DR. MU'AZU BABANGIDA ALIYU, OON
(Talban Minna)
The Executive Governor of Niger State

At A Conference Organized By
Leadership Newspapers Group, In Abuja
On Tuesday, 4 March, 2008



The Chief Servant,
DR. MUAZU BABANGIDA ALIYU, OON
(TALBAN MINNA)
The Executive Governor of Niger State,



Issues On
**DE-INDUSTRIALISATION
OF NORTHERN NIGERIA:**
Which Way Out?

Being Address By

The Chief Servant,

DR. MU'AZU BABANGIDA ALIYU, OON
(Talban Minna)

The Executive Governor of Niger State

At A Conference Organized By

Leadership Newspapers Group, In Abuja

On Tuesday, 4 March, 2008

Protocol:

INTRODUCTION:

2. I wish to begin by expressing my appreciations for the opportunity given to me to address this distinguished audience, at a forum called to address the disheartening state of industrialisation in Northern Nigeria. I congratulate the Management of Leadership Newspapers Limited for the initiative in calling this conference to discuss, and I believe frankly and sincerely too, issues relating to what the conveners call "De Industrialization of Northern Nigeria, ...", with a view to coming out with realistic, actionable, sustainable suggestions and solutions on the ways out of the doldrums. It is gratifying to note that Leadership Newspapers has earned the respect of its numerous readers, because the Paper has carved a niche for itself by believing and demonstrating, as in their own words, that 'it takes Leadership to be on Top'. I

congratulate you once more for being on Top, and I hope that you are able to sustain that position.

3. Distinguished scholars, the major thrust of my presentation today is the perspective and impact of Leadership on the theme of this Conference, i.e. the De-Industrialisation of Northern Nigeria. Yes, it is absolutely true that leadership is very significant in determining the progress and development of any given society or community. A leadership that is honest, forthright, transparent, and accountable to the people; a leadership that understands and respects the views, feelings and aspirations of the people, and upholds the rules that govern their affairs; a leadership that is just; a leadership that is bold and visionary; a leadership that can sacrifice its personal interest for the common good; a leadership that can harness and galvanise the energy of the people for progress and

development of society, Which northern leaders have failed to provide to our people even though some of us have had very ample opportunities in the past, when we were at the helms of affairs for the greatest part of our national independence in the leadership of this country.

4. We need a demystified leadership that serves the people with the genuine fear of Allah; we do not need nor deserve a leadership that uses the name of Allah as a façade to deceive, cheat and to steal the people's resources. In the North as in other parts of Nigeria therefore, we need a leadership that understands the dynamics of society; that knows and can identify the priorities; that can appreciate that we need adequate energy/electricity for industrialisation; that understands the significant role of Education in our overall developmental desires and needs; that can

encourage and mechanise Agriculture; that can provide effective healthcare services at affordable cost; that can fight and eradicate poverty in our midst, and that sees 'begging' as a misnomer, a social malady and a sad commentary on us, individually and collectively; that does not encourage begging and psychopancy and dependency. In deed, a leadership that serves the people with dignity, respect and that is visionary and determined to improve the general well-being of our people.

5. Given the right leadership, we should be able to get our priorities right, such that we can recapitalise Northern Nigeria Development Company (NNDC) to enable it play its role as a catalyst for the industrialisation of the Northern States. Fortunately, a proposal for the recapitalisation of NNDC to the tune of ₦250Million (Two Hundred and fifty million

naira) by each of the Northern States is high on the agenda of the Northern Governors Forum.

6. In fact, if we can get the right leadership with the right sense of values and sense of priorities, the firm foundation would have been laid for the sustainable progress and development of the Northern States of Nigeria, **through re-industrialisation**. Probably, if we had paid proper attention to NNDC, it would have now been involved in oil exploration in Borno, Benue and Bida (in Niger State) basins and in deed in the Southern parts of Nigeria. It would have diversified and been involved in the telecommunications industry, in power generation by adding additional megawatts to the national grid. It would have helped with articulating and sharpening participation in public-private-partnerships, which would have contributed in boosting alternative sources of funding instead of relying on federation allocation, often seen by many of us as *manna from heaven*.

7. Similarly, the fate of institutions like Unity Bank Plc, New Nigeria Newspapers Limited and the Textile Industries remain crucial to the state of industrialisation of the Northern States. Take the Unity Bank for instance; an amalgam of banks, including former Bank of the North, which was devastated by Northerners and Northern Governors and remains a sad footnote to our collective sense of responsibility. One is happy to report however, that the Northern Governors Forum is working hard to salvage the situation and address the predicament of NNN, on which we have just reached a decision at the forum on what to do with the backlog of pensions arrears due to the retired employees, amongst others.

8. Your Excellencies, your Highnesses, I want it to be noted that I personally share the passion and concern of the conveners of this Conference, not only in addressing the industrial state of Northern Nigeria but also in

tackling the problems that are responsible for the general backwardness, underdevelopment and endemic poverty in Northern Nigeria. I will like us to look at the theme of the Conference, "De-Industrialisation of Northern Nigeria: which way out?" in two perspectives. First, is the trend of Industrialisation in Northern Nigeria and the second is the "De-Industrialisation" in Northern Nigeria. I will like to point out at the outset that while the factors leading to Industrialization could be palpable and easily assimilated, the reasons for a region or society to undergo de-industrialisation are a bit complex. Let me also point out that prior to the 1970s, the view that large industries were the cornerstone of modern economy held sway and dominated economic literature. The theory of economies of scale which is predicated on the advantages of large scale industries was almost a doctrine. In this context, small scale industries were seen as out-model and a sign of technological

backwardness. Lately, however, there has been a paradigm shift and this view has changed, as the importance of small scale industries in promoting industrialization and economic growth has been recognised globally. Therefore it should be noted that whereas de-industrialisation has taken its toll on existing large industries in Northern Nigeria, there has been an emergence of a number of small and medium scale industries in the region over the years, although not at a corresponding scale or as witnessed in other developing countries.

TRENDS IN NORTHERN NIGERIA'S INDUSTRIALISATION

9. The pre-colonial era, that is, the pre 1900 economy of Northern Nigeria featured considerable number of craft industries in the various clans and kingdoms. Prominent among the craft industries that featured in

local and inter-regional trade were artefacts of wood, leather, hand-woven textiles and bags, iron-works and fire-burnt pottery from local clay. These handi-craft industries provided the economic backbone of many families and communities in the region.

10. Although the Northern region began the early independence period with a weak capital or technology base for development; the region was quite noted for excellent production of groundnuts and cotton, which earned enormous financial resources for the development of infrastructure in the country for many years before the oil boom. Here, we should pay tribute to the late Sardauna of Sokoto, Sir, Ahmadu Bello, who at that time cautioned against massive dependence on foreign aid; because he perceived that such a relationship had a tendency to mortgage future generations of Northerners.

11. It is important to note that right from that period the visionary Leadership of the North epitomised by late Sardauna, of blessed memories, had supported and promoted the existence of a peaceful political atmosphere as a *sine qua non* for attracting foreign investments into the Northern region, as he puts it while commissioning the Zamfara Textile Mills that "...the policy of the Northern Government is to ensure political stability which is necessary to attract investment". This was the reason he was vehemently critical of those who were advocating for the nationalisation of foreign industries in Nigeria in the early 1960s.

12. Furthermore, prior to independence, the Northern Regional Development Corporation was supporting the growth of petty businesses in the region through the provision of loan facilities varying from £30 to £4,000 to more than 2,000 small businessmen in the north. Such was the trend until

independence, and new factories were set up in groundnut crushing, soap, perfumes, cosmetics, confectionary, rubber soled and plastic shoes, carbon dioxide and dry ice, tarpauline, brass and aluminium pans, tanning of hides & skins, sugar, cement, textiles, etc.

13. This growth in manufacturing however witnessed a period of lull following the political crisis which culminated in the civil war, until the early 1970s. As a part of the reconstruction efforts, the Second National Development Plan 1970-1974, which, had the objective of a united, strong, and self-reliant nation; had as its major policy thrusts, among which included:

- i. To promote even development and fair distribution of industries in all parts of the country.
- ii. To ensure a rapid expansion and diversification of the Industrial sector of the economy.

iii. To create more employment opportunities.

14. To attain these goals, the government laid down priorities from time to time and initiated measures to achieve them, such as reconstructing damaged industrial capacities, and the promotion of rapid industrial development. The industrial sector of the Nigerian economy improved over the years.

15. It is pertinent to note that Northern Nigeria is richly endowed with vast agricultural, mineral and human resource potentials, which if well harnessed through the use of appropriate and adaptable technologies could transform the region into an industrialised giant. Industrial growth is central to the development of any economy. It is also crucial to the development and utilisation of local resource endowment. The inability to develop our indigenous technologies is resulting in the establishment

of new enterprises based on imported technologies for which the country has no research base to sustain. Herein lays the challenge before the present political leadership of the North, to harness the vast human and material resources of the North for the industrial breakthrough of the region and the country as a whole.

DE-INDUSTRIALISATION IN NORTHERN NIGERIA

16. De-Industrialisation simply means to suffer loss of Industrial infrastructure and potential. One needs not to provide empirical data to support the argument that Northern Nigeria has suffered loss of industries, particularly the large scale industries. A tentative data in respect of the death of industries in the north could be observed from the reports of the National Techno-Economic Survey of the Ten Industrial Sectors as classified by the Manufacturers' Association of Nigeria (MAN) which is conducted and

compiled by experts drawn from Government Agencies, Institutions of Higher Learning, Professionals and the Organised Private Sector (OPS). The report is usually regularly updated with the most recent been in 2006.

17. The initial focus of the region was on import substitution and government investments in large capital intensive enterprises; however, the collapse of the oil-boom in the early 1980s revealed the inherent weakness of the industrialisation strategy. The inability to sustain the importation of inputs resulted in large excess capacities, thereby crippling some large industrial enterprises. This development together with government's budgetary constraints arising from the sharp drop in oil earnings generated a policy shift away from direct government industrial investment to a strategy of private sector led industrialisation based on the promotion of small and medium scale enterprises.

CHALLENGES, SUGGESTIONS AND RECOMMENDATIONS

18. Globalisation is one of the challenges facing the industrial sector in Northern Nigeria today. Trade liberalisation will increase in importance, and survival of industries will depend more on their international competitiveness than on tariff protection. Also, International Capital will move to areas with conducive investment climate and the inflow of foreign capital will be a major prerequisite to the development of the industrial sector.

19. There must also be a boost in appropriate loan facilities for the industrialists. Appropriate in the sense that the loans do not bear any exchange risk in the prevailing macro-economic environment. Considering the constraints imposed on industrial capacity utilization by limited working capital, funding schemes for industries must cater for

both long term loans and working capital needs, especially now that statutory sectoral allocation of the banking system credit is no longer in force. Also, entrepreneurs are compelled to provide such basic facilities as electricity, water, telecommunications, transportation and in some cases, access roads to offset deficiencies in public infrastructural facilities which are detrimental to the viability of industries. Despite the global-drive towards trade liberation, the industrialized countries have refused to open their doors indiscriminately to imports and they still protect their industries in one way or the other (Nigeria should take a cue from these countries by taking urgent steps to review massive importation of foreign goods). Technical assistance (Industrial Financing) by Development Financial Institutions (DFIs) is usually accompanied by non-revenue yielding but costly technical assistance without which industrial enterprises may not survive.

20. One of the indicators of the commitment of the present administration in Niger State, and I hope in sister Northern states, is the growth and improvement that is already noticeable in the supply of basic facilities. The core facilities and infrastructure which are required to enhance industrial linkages and competitiveness have been identified and would be strengthened. The north has a large domestic market whose full impact will be felt when purchasing power and consumer demand improve.

21. Before I go into proffering solutions on the way out, let us address our minds to the following pertinent questions: what do we do as leaders do, to bring about industrialisation in the North? What are our responsibilities as leaders and how do we perceive the governed? How are we, as leaders perceived by our followers, the governed; and what are their expectations of us? Do we see leadership

as our opportunity to serve our creator, Allah (SWT) and our people or merely as an avenue to amass wealth and other material things for our personal aggrandisement; or as way of life that promotes arrogance and foolish behaviour? Do we show respect for the dignity of the people we serve and show sympathy, empathy and understanding for their plights and make deliberate efforts to improve their lots?

22. It is heart-warming to note that the Northern Governors' Forum (NGF) has now become more determined and focused on the new vision of moving the North and its inhabitants away from the abyss of poverty, hunger, disease, illiteracy, underdevelopment and socio-cultural backwardness. There is a ray of hope that given the collective desire and resolve of our 19 Northern Governors to come together and reprioritise, Northern Nigeria will soon be back on track again, and will live to the glory

and admiration of its founding fathers and the future generations.

23. By way of suggestions, I will like to proffer the following general recommendations:

- I. There is the need for value re-orientation and ethical renaissance, which presupposes a departure from oppression, suppression, and a dependency culture to an assertive, enlightened and empowered citizenry.
- II. In view of the crucial role of energy to industrialisation, our ambition will continue to be frustrated unless all Northern States invest massively in the development of Independent Power supply projects to complement the dwindling power generation and megawatts supply by the federal government. The enthusiasm by

Northern Nigeria Development Company (NNDC) in leading the efforts to harness the oil and gas resources believed to be abundant in the sedimentary basins of the North for alternative means of energy for the economic and industrial development of the North and Nigeria deserves our collective support and encouragement.

- III. We need to give all necessary encouragement to the private sector to play a meaningful and effective role in the exploitation and utilisation of the nation's raw materials for the industrial growth and development of the nation. Importantly, we should strengthen the public-private-partnership principles, which have been proved as viable and sustainable means of stimulating result-oriented economic activities in resource-low environments around the world.

IV. Emphasis should be placed by Government on realistic poverty reduction strategies, including strengthening the capacity of small and medium scale enterprises and micro finance institutions. The future of the North's industrialisation process is largely dependent on the fortunes of the Small Medium Scale Industrial sector considering the inherent benefit of the sector to a developing economy. It is the sector that holds the promise of meeting the north's industrialisation challenges in the next century.

V. We need to ensure effective functioning of the infrastructural support services, especially, electricity, water, and transportation, as well as offer financial support to industrialists for the development of industrial raw materials.

VI. In order to maximise the full potentials of our human resource endowment in

the North, there is the need for specialised institutions to develop strong research and manpower base for the existing and emerging industries in this part of the country.

VII. We need to sustain our efforts in providing the enabling environment for investment to thrive. The private sector must cultivate the habit of resources pooling in order to generate adequate funds for productive investment. Banks should also discharge their traditional role of providing operating funds for industrial enterprises. Also, Development Finance Institutions should overhaul and upgrade their operations to expedite credit delivery and promotional support to the industries.

VIII. The issue of environmental protection and amelioration is equally important to restore hope to most parts of the

North, especially with the menace of desert encroachment and ozone layer depletion. All Northern States must as a matter of urgency embark on massive tree planting and afforestation programmes to forestall the devastating effects of desert encroachment, which is moving ferociously at a speed of 10 kilometre per annum in some parts of the North.

24. Similarly, education deserves great attention and should be accorded very high priority in our agenda as leaders of the North, if we must realise our aspiration of bringing about overall development and transformation of our States for the betterment of our people. We must insist that our children acquire both western and Islamic education to prepare them for the dynamics and sophistications of the emerging realities of globalisation.

25. To end this address, I wish to emphasize that the key to the actualisation of our dream for an industrially strong and prosperous Northern Nigeria is predicated on the enthronement of good governance and adherence to the rule of law at all levels, but especially at the State and Local Government levels, where majority of the people live and where lies the foundation of democracy and real development of the federating units in Nigeria.

26. I hope I have been able to stimulate your thoughts.

Thank you for listening and for your attention.

REFERENCES AND READINGS

Abdullahi, A. (1999).

Manpower Planning & Development in Nigeria for the Non-Petroleum Based Sector in the 21st Century. Paper Presented at the 15th Biennial National Training Conference of Industrial Training Fund, Abuja.

John, N. P. (1986).

Ahmadu Bello, Sardauna of Sokoto: Values and Leadership in Nigeria. Hudahuda Publishing Company, Zaria.

Landes; David, S. (1998).

The Wealth and Poverty of Nations. Why some are rich and some so Poor. New York; W. W. Norton, 1998.

Momah Sam (1999).

Technology is Power: Memoirs of a Soldier, Scholar, Strategist Engineer in Government. Mufademic Press Ltd, Lagos.

RMRDC (1996).

Profiles of Some Research Based Investment Opportunities in Nigeria. Raw Material Research and Development Council, Abuja, 1996.

RMRDC (2001).

Policy Guidelines on Improvement of Industrial Sector. Report of Policy Advisory Committee on the Techno-Economic Survey Reports. October, 2001.

RMRDC (2003).

Multi-Disciplinary Committee Report of the Techno-Economic Surveys on the Ten Industrial Sectors as Classified by

Manufacturers' Association of Nigeria (MAN). December, 2003.

RMRDC (2003).

Policy Guidelines on Improvement of the Industrial Sector. Reports of Policy Advisory Committee on the Techno-Economic Survey Reports. December, 2003.

World Bank (1995).

Private Sector Development in Low Income Countries: A Development in Practice Book. Washington DC.

