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ANALYSIS OF INTERNATIONAL MONETARY FUND (IMF) AND ECONOMIC DEVELOPMENT IN NIGERIA, FROM 2008 TO 2018

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ABSTRACT

The pervasive poverty situation in Nigeria clearly betrays the high hopes at independence that the country would emerge as a major industrial haven in the world. The high hopes were hinged on the availability of abundant natural and material resources in the country. Poverty, unemployment, income inequality and debilitating state of basic infrastructures still stare Nigerians in the face, even in the light of both domestic and international efforts at arresting these. Against this backdrop, therefore, this study examined International Monetary Fund (IMF) and economic development in Nigeria, within the period, 2008-2018. The study raised the following questions: Does the IMF Policy Support Instrument (PSI) reduced poverty in Nigeria?Does trade liberalization undermine the development of the manufacturing sector in Nigeria? The study was anchored on the complex interdependence theory as its theoretical framework, while relying on documentary method for the collection of data, which was correspondingly, analyzed using content analysis. The study found that at end of the PSI program, macroeconomic performance and sustainability improved. Non-oil sector growth averaged 8½ percent and inflation fell to 6 percent, exceeding expectations on both counts. The external and fiscal positions strengthened significantly with the reduction of Paris and London Club debt, and the accumulation of public savings and international reserves. Debt-service savings were directed to poverty spending. However, while a majority of households saw their economic situation improve or stay the same, poverty remains high. The study therefore recommends among other things, that governments need to stop hiding behind donor conditionality and start engaging legislators and citizens in a robust and accountable dialogue over development priorities and financing options

Keywords: IMF-PSI, Poverty Reduction, Manufacturing sector, Economic Development

Introduction

It is evident that there was worldwide economic depression from the 1930s and shortages of consumer goods throughout the period of the Second World War, 1939-1945. The depression caused many trading nations in Western Europe and North America to introduce trade restrictions. Some restricted imports and controlled use of foreign exchange, while others devalued their currencies. In the aggregate, the restrictions on trade caused further economic decline in terms of world trade, output, and employment.

In 1944 at called Bretton Woods, in New Hampshire, United States of America, forty four (44) states agreed on a framework of economic cooperation, designed in part, to prevent the mutually destructive policies that prevailed in the 1930s. Out of the agreement came the International Monetary Fund (IMF), in December 1945, with twenty nine (29) members at inception. The purposes of the IMF, outlined in Article I of its Articles of Agreement, are:

- To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems;
- To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of productive resources of all members as primary objectives of economic policy;
- To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation;
- To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade;
- To give confidence to members by making the general resources of the Fund temporarily available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity;
- In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members.

A critical review of the above purpose shows how and why the IMF adopts certain policies. For example, Article I (v) provides for "adequate safeguards" when the general resources of the Fund is provided to a member country. This is the source of what has been termed "conditionalities", which really are issues which a member in difficulty needs to address in order to guarantee successful outcome. Article I(ii) provides the basis for the IMF to verify the economic conditions of a member country to third parties, such as is the case in debt reduction, forgiveness, and restructuring arrangements, in order to promote cooperative economic relations. Between 1945 and 1971, the IMF promoted exchange rate stability under the Bretton Woods arrangement under which the United States of America guaranteed the value of the dollar in terms of gold, while other countries pegged their currencies to the dollar (within a narrow band). In support of this goal, the Bank for International Settlements (BIS), focused on implementing and defending the Bretton Woods system.

Meanwhile, before 1999, Nigeria had been one of the most disappointing development stories of the modern era. It was a country whose experience served as a cautionary tale of the risks of large natural resource income in an environment of weak governance. The country's failure in development was evident in the stagnation of gross domestic product (GDP) per capita (in constant 2000 dollars), which stood at $430 in 2004 compared with $444 in 1977, with a significant fall in non-oil GDP per capita over the period. According to the World Bank (2010), this stagnation was accompanied by a substantial increase in the numbers of the poor and in their proportion of the population. The national incidence of poverty rose from approximately 28 percent in 1980 about 55 percent by 2004. Many of the key social and economic indicators stagnated or declined and are now comparable to those of some of the poorest African countries-countries that lack Nigeria's substantial endowment of natural resources (World Bank, 2010).

Such was the general state of affairs in the country. But then, there was enthusiasm that enveloped the country upon the return to civilian rule in 1999, this enthusiasm was further reflected in the country's international relations with the rest of the international community. The re-absorption of Nigeria into many international organizations went side by side with the attraction of many international development Agencies (IDAs) and their development funds. Until 1999, the predominant argument had been that expending funds to countries under undemocratic military regimes to which Nigeria fall under was not only a sheer waste of fund, but a tacit encouragement of authoritarianism and dictatorship. So, with the return of democracy (civilian rule), new and old international development agencies began to reconsider Nigeria's status and candidature for development assistance through fund disbursement and other strategic programmes and engagements. One shining example of these old IDAs programmes was the International Monetary Fund (IMF), which has been in Nigeria since the 1960s, having been founded in December 1945.

Nigeria joined the IMF after her independence in order to participate and benefit from the purposes of the Fund. In their inter-relationships, the IMF focuses mainly on Nigeria's macroeconomic policies. These are policies that have to do with public sector budgets, the management of interest rates, money, and credit and exchange rate; and financial sector policies, particularly, the regulation of banks and other financial institutions (as agreed by the BIS-Bessel Agreements). The IMF also pays attention to structural policies that affect macroeconomic performance of Nigeria. In 1986, Nigeria adopted the Structural Adjustment Programme (SAP) suggested by the Fund, which it discontinued in 1988. The IMF's work with Nigeria is in three categories viz: Surveillance through which it monitors economic and financial developments in the country and offers policy advice; lending when there are balance of payments difficulties and support policies that are geared towards correcting underlying problems; and Technical assistance and training where it has expertise.

In pursuit of increased material welfare and well-being for the citizens, various Nigerian governments had over time embarked upon numerous economic developmental policies, plans, programmes and projects. According to Effoduh (2014), the return of democratic governance in the country in 1999, brought along with it the introduction of a series of reforms, aimed at redressing the distortions in the economy and restoring economic growth. For example, the National Economic Empowerment and Development Strategy (NEEDS) of 2004-2007 was a home-grown poverty reduction, value-reorientation and socio-economic development strategy for the country. NEEDS seeks to achieve poverty alleviation and economic revivalism by stimulating the well acknowledged creative energies of the vast majority of the population. Obviously, there are four clear goals of NEEDS. They are: wealth creation, employment generation, poverty reduction, and value reorientation. These objectives are encapsulated in NEEDS far reaching economic programme. The document predicted real gross domestic product growth rate of five percent in 2004, six percent in 2005 and 2006 and seven percent in 2007.

It is against this backdrop, therefore, that this study focuses on interrogating the International Monetary Fund and Economic Development in Nigeria within 2008-2018, laying more emphasis on the IMF Policy Support Instrument (PSI) and poverty reduction in Nigeria as well as trade liberalization and the development of the non oil sector in Nigeria within the period under study. The study advances to explore the interface between the International Monetary Fund and Economic Development in Nigeria.

IMF Policy Support Instrument (PSI) and Poverty Reduction in Nigeria

Starting in the 1970s, the IMF "placed increasing emphasis on economic growth as a policy objective. Growth became increasingly prominent as an objective in the 1980s". Since then, IMF Managing Directors Michael Camdessus and Horst Köhler further highlighted the IMF's role in economic growth (Hardoy 2003). Whether the IMF indeed influences economic growth has been subject to a huge number of studies.

In principle, three methods of evaluation have been employed. First, before-after analysis compares economic growth before the IMF program has been approved with its value after the program period. Differences are then attributed to the program. Obviously, this method has its drawbacks. Participation in IMF programs is not exogenous but usually consequence of a crisis. In attributing all changes in growth over the program period to the IMF, the Fund's effects are probably judged too negatively. A second approach to evaluate the IMF's impact on growth has been to compare growth rates in program countries with the development of growth in a control group (without approach). Exogenous shocks hitting not only program countries but countries in the control group as well would then not distort results. The problem, of course, is finding an adequate control group. Ideally, for each program country there should be a control country in exactly the same initial position. Programs are not randomly distributed over member countries, however, but are chosen from countries with specific characteristics. As Santaella (1996) has shown, the initial situation of program countries differs greatly from non-program countries. Even if the control-group would be chosen according to economic indicators, the most important difference could not be accounted for: The decision to negotiate an IMF program in the first place. The third method is regression analysis; it has been used by most recent studies. When endogeneity of the IMF-related variables is carefully taken into account, this method seems to be the most promising one. However, solving the endogeneity problem is not straightforward. Most of the older studies did not even try to solve this problem, while more recent ones like Vreeland and Przeworski (2000) and Barro and Lee (2001) take endogeneity into account. None of the existing studies, however, adequately separates the effects of the IMF's Policy Support Instrument (PSI) on poverty reduction in Nigeria.

The literature on the effects of IMF-programs in is vast. Comprehensive overviews are offered in Dreher (2006, 2009) and Steinwand and Stone (2008). Early studies include Reichmann and Stillson (1978), who compare economic performance in program countries before and after intervention, and Donovan (1981, 1982) who compares developments in target variables in program countries with those in a control-group of non-program countries. As surveyed by Haque and Khan (1998), these early studies typically conclude that IMF-programs have been successful in stabilizing the economy.

Many of these early studies can however be criticized on econometric grounds as they do not control for reverse causality or take a rather superficial approach when it comes to constructing the counterfactual. More recent studies have therefore applied more advanced regression-based techniques to the problem at hand. Dicks-Mireaux, Mecagni, and Schadler (2000) use the General Evaluation Estimator (GEE) to construct counterfactuals. In particular, they use policy reaction functions from countries without an IMF-program to approximate the counterfactual for countries that did have one. Using this method, the authors noted that IMF-supported programs have had positive effects on growth and the debt-service ratio, while no significant effect is found on inflation. The authors however note that diagnostic tests question the reliability of their results.
Przeworski and Vreeland (2000) and Atoyan and Conway (2006) use a dynamic version of the Heckman selection model and find that IMF-program participation lowers growth rates while the program is in place, with growth picking up once the program is completed. Atoyan and Conway (2006) see these results confirmed by taking a matching approach, where they compare countries with similar propensity scores (when it comes to asking for IMF assistance) but different loan-participation decisions.

Barro and Lee (2005) state that IMF-loans are sensitive to political-economic variables, in particular, they argue that loans tend to be larger and more frequent when a country has a bigger quota, more professional IMF-staff, and when it is more connected to the United States and major European countries. They then exploit this variation to take an instrumental variables approach, the results of which suggest that a higher IMF loan-participation rate reduces economic growth, while having no significant effects on investment, inflation, government consumption, and openness. Dreher (2006) finds similar results using an alternative instrumental variables-approach, but his findings suggest that the negative effect on growth can be mitigated by compliance with conditionality.

More recently, Bas and Stone (2014) have carefully documented that IMF programs indeed suffer from adverse selection and show that taking this into account leads to a more favorable impact evaluation in terms of higher growth rates. At the same time, Bas and Stone (2014) find large heterogeneity with governments that are most eager to participate in IMF programs typically experiencing the least beneficial effects. Taking adverse selection into account, Binder and Bluhm (2017) furthermore show that IMF programs only boost output if they are accompanied by institutional improvements.

Further studies have focused on analyzing the effect of IMF programs on inequality, poverty, and development (Garuda, 2000; Easterly, 2003; Hajro and Joyce, 2009) but without final consensus on whether IMF programs have a beneficial or adverse effect on these variables. Most of these analyses have however focused on programs launched before the 1999-introduction of the PRGT for low-income countries (which brought an explicit focus on growth and poverty reduction). For PRGT-funded programs, IMF (2012) finds that program countries performed equally well as countries that did not seek IMF- support, while Oberdabernig (2013) and Lang (2016) tend to find that such programs did not increase (or even decreased) inequality. CGD (2007) and Clements, Gupta, and Nozaki (2013) furthermore report that social spending tends to increase under PRGT-funded programs.

Trade Liberalization and Development of the Manufacturing Sector in Nigeria

Extant literature on the impact of trade liberalization on the economy of different countries abounds. Hence, this section focused on a review of these empirical evidences starting from other countries of the world to the country of focus for this study i.e. Nigeria. The effect of trade liberalization on the growth of selected East Asian countries was examined by Jin (2000), the results show that increase in liberalization did not significantly promote growth in the selected countries. Moreover, economic growth tends to respond positively to fiscal and foreign policy shocks.

Using statistical technique in exploring the heterogeneity level of selected thirty-seven (37) already liberalized economies of the world, Morgan and Kanchanahatakij (2008) found no significant relationship between their liberalization policies and economic growth. Hence a study that investigates the effect of liberalization on economic growth for specific country was recommended. The effect of trade on poverty level in liberalized LDCs was investigated by McCulloch (2005). A linkage relationship from liberalization to economic growth and to poverty reduction was established from the two approaches adopted by the author. The author observed that the more liberalized an economy is, the more chances of an increase in the per capita income in the economy.

Ebrill et al (1999) examined the implication of trade liberalization for revenue generation in a study conducted for the International Monetary Fund (IMF). The study found that the level of revenue generated is significantly determined by the level and form of trade liberalization policy implemented in the economy under review. The study concluded, among others, that a trade liberalization policy is characterized by high tariffs custom duties or tax will surely hamper on the level of revenue generated. For Krugman (1990), developing countries are characterised by a labour intensive service, agriculture and manufacturing sector and low per capita income, hence, the need for trade liberalization to ensure the flow of goods from other countries to help support output from the small markets. Frankel and Romer (1999) examined the impact of trade on income generation among some selected countries. Employing the econometric technique "cross country regression analysis", the study found that trade has a significant, large and positive impact on income generated in those countries.

The role trade liberalization played in the growth of export, import, and per capita income of selected countries under the membership of Organization of the Islamic Conference (OIC) was examined by Ghani (2011). The study based the selection of member countries on the period of liberalization i.e. only countries that commenced trade liberalization in 1970s. Adopting a technique that factored in changes in countries over time, he found that a variation occurs in the effect of trade liberalization on the selected outcome variables from one country to another. Moreover, the study also found that, though the per capita income of all the countries responded positively to trade liberalization, trade openness was not improved by trade liberalization.

The effect of trade liberalization of the economic performance of Bangladesh from 1980 to 2010 was investigated by Manni and Ibne Afzal (2012). The findings showed that trade liberalization had a positive significant effect on GDP growth rate but an insignificant impact on inflation. The growth in tax revenue accounted for by trade liberalization between the year 1970 and 2009 in Nigeria was examined by Nwosa et al (2012). The authors found that, among others, trade liberalization proved to be a positive and significant predictor of tax revenue from trade. Moreover, the study found a negative relationship between exchange rate and tax revenue from trade. The formulation and implementation of effective macroeconomic policy was recommended by the authors as a necessary action to improve the contribution of trade liberalization to tax revenue in Nigeria.

Nwafor et al (2007) selected, among others, trade liberalization as a predictor in Nigeria. The authors found that the effect of trade liberalization for different household type varies from one household type to the other. While a positive effect was found in the case of urban households, trade liberalization impacted negatively on rural households characterised by mainly agricultural production driven by land and labour. Ogujiuba et al (2004) accessed the long-run effect of trade liberalization on economic growth in Nigeria. The authors found that trade openness (a proxy for trade liberalization) and economic growth and that unbridled openness could have implications for the growth of local industries, the real sector and government revenue.

Research Questions

- What is the extent of IMF Policy Support Instrument (PSI) has reduced poverty level in Nigeria within the period under study.
- What is the extent trade liberalization undermined the development of the manufacturing sector in Nigeria within the period under study.

Methods

In this study, we adopted the *One Group Pre-Test—Post-Test* Design. This type of design is essentially common in the *ex-post-facto* experiment based on aggregate data. For the purpose of data collection, we relied on the documentary method. This is principally due to the nature of the study as well as the type of data required to test and validate our hypotheses.In view of the nature of this study, we utilized the *content analysis* method. In doing this, we sieved and analyze the mass of relevant data found in official documents, fact finding reports, newspapers, magazines, books and journals used in this study

Policy Support and endorsement of NEEDS Programme

In May 2005, the International Monetary Fund (IMF) introduced a new 'service', the Policy Support Instrument (PSI), designed to enable the IMF to support low-income member countries that have made significant progress toward economic stability, and no longer require IMF financial assistance (IMF, 2006). Instead of loans, this new programme provides policy support to help countries design effective economic programmes that, once approved by the IMF's Executive Board, signal to donors, multilateral development banks and markets the Fund's endorsement of a member's policies (IMF, 2006.).

The introduction of the PSI marks the beginning of a shift in the IMF's role in low-income countries, from that of lender and disciplinarian to the more limited one of public credit rating agency. The PSI's main reason for being is to allow the IMF to offer a public endorsement of a country's economic policies. Such approval represents the "signaling" that the IMF has customarily accomplished through releasing loan tranches. Such signals are considered crucial by many donors and investors likely to consider making loans, credits, and investments in developing countries; indeed they are frequently a pre-requisite for the provision of funds.

Potentially, the PSI could use the IMF's signaling power to provide public endorsement of the sustainability and soundness of more expansionary policies in the countries it calls 'mature stabilisers'. A 'mature stabiliser' can be reasonably expected to have access to a reliable stream of revenue to finance development priorities such as health care, education, agricultural extension programmes or housing. This revenue can come from increased tax income, a re-prioritization of existing budget resources, new aid flows or borrowing. PSI backing for carefully designed measures to expand fiscal space would allow governments to channel their resources into improved service delivery and investments for long-term growth without facing a backlash from investors or loss of donor confidence.

When the PSI was introduced, it seemed to anticipate some of the challenges the IMF would soon face. A month after its debut, the G8 announced the Multilateral Debt Relief Initiative (MDRI), which would, for the first time, cancel 100 percent of the debts claimed by the IMF of a handful of its most impoverished client countries, thus raising the prospect that some governments might choose to forego further engagement with the IMF.6

Indeed, the PSI appears to have been designed in tandem with the emergence of the MDRI, with the first public hints of its creation coming from Canadian officials as the talks that led to the MDRI got underway in 2004. In discussions with the press around the time of the 2004 annual IMF/World Bank meetings, Canadian Finance Minister Ralph Goodale and U.S. Treasury Secretary John Snow both talked about the programme that would become the PSI in conjunction with their views on the G8's talks on debt cancellation. The PSI was apparently designed for newly unburdened countries that might be tempted to chart their own course, as an enticement to remain in the IMF fold.

Currency Devaluation Policy

Devaluation is a deliberate downward adjustment to the value of a country's currency, currencies or standard. In other words, devaluation is a reduction in the value of a currency with respect to those goods, services or other monetary units with which that currency can be exchanged (Yioyio, 2015). According to Cooper (1971), currency devaluation is one of the most traumatic economic policy measures that the government may undertake and as a result, most governments are reluctant to devalue their currencies. However, a country can be forced into devaluation by an ominous trade deficit. Thailand, China, Mexico, Czech republic- all devalued strongly, willingly or unwillingly after their trade deficit exceeded 8% of the real gross domestic product (RGDP).

One reason a country may devalue its currency is to combat trade imbalances and it is decided by the government issuing the currency and is the result of governmental activities. Devaluation causes a country's exports to become less expensive making them more competitive on the global market. This in turns means that imports are more expensive, making domestic consumers less likely to purchase them. By making domestic currency relatively cheaper (i.e. devaluation), local production and exportation of commodities are encouraged. This helps to enhance the level of output growth of the economy (Yioyio, 2015).

According to Yaqub (2010), governments of different countries devalue their currencies only when they have no other way to correct the economic problem. While devaluation can be seen as an attractive option, it can have negative consequences because by making imports more expensive it protects domestic industries which may then become less efficient without the pressure of foreign competition. Also Higher exports relative to imports can also increase aggregate demand which can lead to inflation.

Devaluation in Nigeria can be traced back to 1973 when Nigeria devalued her currency by 10% in response to U. S. devaluation that same year. Nigeria's foreign exchange reserves grew by 773.5% in 1974. Thus the impact of the devaluation in the preceding year was valuable in enhancing the foreign exchange asset position of the Nation. Many other factors contributed to the growth of Nigeria's foreign exchange in 1974 amongst which is the increased export of crude oil as a result of the 1973 Arab-Israeli war and the increased oil price negotiated by OPEC. The International Monetary Fund (I.M.F.) allows countries to devalue their currency in order to correct "fundamental disequilibrium" in their balance of payments. Great Britain devalued her currency in 1967. The U. S. devalued in 1973 and France did same in 1969followed by her 14 Francophone African countries. Devaluation thus is not a new concept and should not be seen as an outlandish and terrible act; it is a permissible method of fixing the exchange value of a currency in light of new supply and demand reality. More recently, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) took a decision to devalue the Naira to N168 from N155 to the American Dollar. The devaluation, which was one of the outcomes of the two-day MPC meeting in Abuja headed by the Central Bank of Nigeria (CBN) governor, Godwin Emefiele, came against the backdrop of uneven growth in the global economy, the fall in oil prices and the vulnerability of the domestic economy. The said devaluation of the Naira by CBN, was mainly directed at curbing negative speculations on the Nation's currency, particularly by the banks which have reportedly been putting so much pressure on the Naira.

Summary

This study examined International Monetary Fund (IMF) and Economic Development in Nigeria, 2008-2018. Special attention was paid to the IMF policy support instrument (PSI) and economic development in Nigeria, hence the research questions:

- Does the IMF Policy Support Instrument (PSI) reduced poverty in Nigeria?
- Does trade liberalization undermine the development of the manufacturing sector in Nigeria?

However, the study has six chapters, chapter one focused on general introduction, chapters two to six discussed the following issues: Literature review, Methodology, the IMF Policy Support Instrument (PSI) and poverty reduction in Nigeria; trade liberalization and development of the manufacturing sector in Nigeria. Therein, we analysed International Monetary Fund (IMF) and Economic Development in Nigeria within the period under study

To ascertain the position of other scholars and researchers on the subject-matter, plethora of extant literature were reviewed. At the end of the review, a gap was located which made the study imperative. Convinced that existing literature as reviewed have not paid adequate attention to the burning issue, we went further to hypothesize that:

- IMF Policy Support Instrument (PSI) hampers poverty reduction in Nigeria
- Trade liberalization undermined the development of the manufacturing sector in Nigeria

These hypotheses are logically linked to the research questions and the objectives of the study. The complex interdependence theory provided the philosophical justification for our hypotheses. Towards the verification of these hypotheses, data were collected through the documentary method and analysed using content analysis.

Conclusion

We found that from this study, trade liberalization shows a real potential to boost manufacturing output in Nigeria. This potential lies in the finding that trade liberalization has a significant and thus real effect on manufacturing output; this effect is positive, and as such it could operate in a supportive direction in the long term as anticipated by theory. However, it has not done so. In the short to medium term, it has an inverse effect. This short term outcome explains the dichotomy between theoretical postulation, some research findings and actual economic performance.

The study also found that at the end of the program, macroeconomic performance and sustainability have improved. Non-oil sector growth averaged 8½ percent and inflation fell to 6 percent, exceeding expectations on both counts. The external and fiscal positions strengthened significantly with the reduction of Paris and London Club debt, and the accumulation of public savings and international reserves. Debt-service savings were directed to poverty spending. The improved policies and good macroeconomic performance increased confidence, thereby creating a virtuous cycle. Buoyant financial market sentiment is reflected in a sovereign rating of BB- and the success of several Nigerian banks in raising capital on international markets. However, while a majority of households saw their economic situation improve or stay the same, poverty remains high and progress toward the Millennium Development Goals needs to accelerate.

However, despite Nigeria's huge natural and human resources endowment, her economic growth has been stunted over the years; her main challenge has been how to effectively use this huge resource advantage to enhance her economic growth and improve the welfare of the citizenry. The country's manufacturing sector has grossly underperformed these past fifty–two years particularly when compared with that of Asian countries of Malaysia, Indonesia and Singapore that share the same colonial experience with Nigeria. Since 1970s, the country's poverty level had worsened, the manufacturing value added has declined steadily from 10% of GDP in 1983 to only 3% in 2006 (Okonkwo, 2007). Today, the unemployment situation is very worrisome due to increasing incidence of collapsed businesses or the relocation of many companies to neighbouring countries that offer more conducive business climate.

Recommendations

Upon the strength of our findings, we put forward the following recommendations:

1. Governments need to stop hiding behind donor conditionality and start engaging legislators and citizens in a robust and accountable dialogue over development priorities and financing options.
2. To sustain industrialization in Nigeria, manufacturing production should begin to focus on the production of capital goods. Government should make conscious and deliberate efforts to negotiate and acquire available technology in the world in specific areas. The acquisition of technology should be a national issue and not a local firm affair. There should be massive public investment in the provision of electricity, roads, rail system and other infrastructure.

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