



Public Sector Institutions and Sustainable Industrial Development in Nigeria

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Abstract

This study examined the role of public sector institutions in promoting industrial development in Nigeria. The study is significant because, despite the establishment of numerous public institutions designed to stimulate economic transformation over the years, Nigeria's industrial sector still face structural and institutional challenges that undermine sustainable development. Nigerian government has created several agencies and institutions responsible for industrial policy formulation, but the expected level of industrial growth has not been fully achieved. The study adopted Douglass North's Institutional Theory as its theoretical framework and relied on secondary sources of data. The study found that Nigeria possesses institutional framework for industrial development, such as policy formulation, industrial financing, regulation, infrastructure development. However, despite the arrangement of these institutions, their performance and effectiveness are constrained by several challenges such as, policy inconsistency, weak institutional capacity, corruption, poor implementation of industrial policies and inadequate funding. The study recommends improved inter-agency coordination, effective policy implementation, and continuity to ensure promote sustainable industrial growth in Nigeria.

Keywords: *Public sector institutions, Sustainable industrial development, Environmental governance, Economic transformation and Inter-agency*

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Background to the Study

The process of industrial transformation has served as a catalyst for structural change, economic diversification, employment generation, technological advancement, and institutional growth. In Nigerian, industrialization has not only boosted production patterns but reshaped governance structures, public sector institutions, and policy frameworks aimed at fostering long-term development. The pursuit of sustainable industrial development has therefore become a central concern of policymakers, development partners, especially in light of the global economic competitiveness. This process involved the transformation of the economy from primarily agrarian and extractive activities to one dominated by manufacturing, mechanized production, and value-added industrial activities. It encouraged the application of technology, capital investment, skilled labour, and institutional frameworks to increase productivity and expand economic output.

Industrialization serves as a key driver for transforming an economy by fostering the growth of manufacturing industries and modernizing infrastructure. This transformation leads to significant structural changes that promote long-term economic growth (Todaro et al., 2020). For example, in countries like Japan and South Korea, industrialization helped shift their economies from primarily agrarian to highly industrialized, contributing to sustained economic development. Similarly, industrialization plays a crucial role in diversifying economies, boosting productivity, and reducing over-reliance on the export of raw materials. For instance, China's move from being a factory for the world's cheap goods to producing high-tech products has diversified its economy and increased productivity across various sectors.

In Nigeria, the path of industrialization has followed several phases, at the post-independence era, beginning with import-substitution pattern of industrialization, aimed at producing goods imported to reducing dependency on foreign goods. In the 1970s, indigenization policies moved to public-sector driving industrialization to increase local ownership of industries. In the 1980s, the country underwent the Structural Adjustment Programme (SAP), which aimed at adjusting the economy to market forces by reducing government participation in private sector. More recently, Nigeria has embraced policies that align with sustainable development and improving global competitiveness, aiming to build a more resilient and diversified economy (Etekpe, 2022). This process of development goes beyond mere establishment of factories; it encompasses the creation of industrial clusters, technological innovation systems, infrastructure development, regulatory frameworks, environmental sustainability measures, and institutional capacity building. According to the United Nations Industrial Development Organization (UNIDO, 2018), sustainable industrial development integrates economic growth, social inclusion, and environmental protection to ensure that industrial expansion does not compromise the needs of future generations.

In Nigeria, several sectors and institutions have played significant roles in promoting industrial development. Among which are the manufacturing sector, that contributes to value addition, employment, and export diversification, the oil and gas sector, which has historically driven revenue generation and provided capital for industrial expansion. This is followed by agricultural sector, particularly agro-processing industries that link primary production with

manufacturing than solid minerals sector, which offers opportunities for industrial raw materials for export earnings, and finally, the telecommunications and information technology (ICT) sector, that supports industrial efficiency, innovation, and digital transformation. The manufacturing sector has been widely recognized as the backbone of industrialization. It facilitates forward and backward linkages within the economy, stimulates innovation, and enhances productivity. However, the sector has faced challenges such as inadequate infrastructure, inconsistent policies, and limited access to finance (Sanusi, 2012). The oil and gas sector, while serving as a major revenue source, has also exposed Nigeria to the vulnerabilities of mono-product economy, thereby underscoring the need for diversification through sustainable industrial policies (Ajakaiye & Tella, 2014). Agro-industrial development has gained prominence as a strategy for reducing post-harvest losses, promoting rural industrialization, and achieving food security. Similarly, the solid minerals sector presents untapped industrial potential, while the telecommunications sector has enhanced productivity and industrial coordination through digitalization.

Central to the realization of sustainable industrial development are public sector institutions. These are government ministries, departments, agencies (MDAs), regulatory bodies, and development finance institutions responsible for formulating, implementing, and monitoring policies that guide industrial growth (Table 1). These institutions create the enabling environment for industrialization through policy formulation, provision of infrastructure, regulatory oversight, investment promotion, and capacity building. These public sector institutions in Nigeria that have significantly contributed to sustainable industrial development include: The Federal Ministry of Industry, Trade and Investment (FMITI), is responsible for policy formulation and coordination of industrial development strategies. Through initiatives such as the National Industrial Revolution Plan (NIRP), the Ministry has sought to promote local manufacturing, value addition, and competitiveness; the Central Bank of Nigeria (CBN), which supports industrial development through targeted intervention funds, credit schemes for manufacturing and small and medium enterprises (SMEs), and monetary policies aimed at stabilizing the macroeconomic environment (CBN, 2021); the Bank of Industry (BOI), which provides long-term financing to industrial enterprises, especially SMEs, thereby facilitating industrial expansion and innovation; the Nigerian Investment Promotion Commission (NIPC), that promotes domestic and foreign investment into priority industrial sectors; the Standards Organisation of Nigeria (SON), which ensures product quality and standardization, thereby enhancing industrial competitiveness and consumer protection. These institutions collectively contribute to sustainable industrial development by facilitating industrial financing, ensuring regulatory compliance, promoting investment, encouraging technological upgrading, and integrating environmental sustainability considerations into industrial policies. The emphasis on sustainability reflects global commitments such as the Sustainable Development Goals (SDGs), particularly Goal 9, that focuses on building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation (United Nations, 2015).

Despite these efforts, weak institutional coordination, policy inconsistency, corruption, infrastructural deficits, energy shortages, environmental degradation, and limited

technological capacity continue to hinder sustainable industrial transformation. To overcome the challenges, strong and efficient public sector institutions are fundamental as they shall ensure that industrial growth translates into broad-based socio-economic development (Rodrik, 2004). Within the context of this study, public sector institutions are regarded as the primary drivers of sustainable industrial development (Table 1). Their roles encompass policy design, regulatory enforcement, fiscal and monetary interventions, infrastructure provision, environmental management, and industrial capacity building. The effectiveness of these institutions determines the extent to which industrialization contributes to employment generation, poverty reduction, economic diversification, and environmental sustainability in Nigeria.

Statement of the Problem

Nigeria has pursued several policy reforms to foster industrial growth and diversification. Public sector institutions play a central role in these efforts, with mandates to design and execute strategies aimed at boosting industrial productivity, attracting investment, and ensuring long-term sustainability. Despite their efforts, Nigeria's industrial sector continues to face persistent structural and operational challenges. These challenges are largely due to bureaucratic inefficiencies, policy inconsistency, weak inter-agency coordination, and inadequate monitoring mechanisms. The Ajaokuta Steel Company and others established during the public sector led industrialization era, for example, manufacturing industries still contribute relatively little to Nigeria's GDP compared to emerging economies. Moreover, environmental sustainability concerns are often overlooked or inadequately addressed in industrial policies, resulting in missed opportunities for sustainable growth. Despite the establishment of supportive policies and institutions, Nigeria's industrial sector remains constrained by systemic issues, preventing it from realizing its full potential in terms of growth, sustainability, and global competitiveness

However, studies have explored industrialization in Nigeria, focusing on areas such as economic growth, manufacturing performance, and policy analysis. Some studies have also looked at the role of specific institutions, but few have examined how public sector institutions, has collectively influence sustainable industrial development in Nigeria. Also, there has been limited focus on how these institutions integrate economic, social, and environmental factors. This gap highlights the need for a thorough investigation into how public sector institutions contribute to sustainable industrial development in the country. Therefore, this study aims to explore the roles, effectiveness, challenges, and opportunities of public sector institutions in fostering sustainable industrial growth in Nigeria.

Aim and Objectives of the Study

The main aim of this study is to examine the role of public sector institutions in promoting sustainable industrial development in Nigeria at post-independence era. The specific objectives include; to:

1. Examine the roles and functions of selected public sector institutions in promoting sustainable industrial development in Nigeria between 2007 and 2025.
2. Assess the effectiveness of public sector institutional policies in achieving sustainable

- industrial growth.
3. Identify the challenges confronting public sector institutions in fostering sustainable industrial development and propose strategies for improvement.

Literature Review

(a) Public Sector

Public sector occupies a central position in development discourse, particularly in emerging economies where the state plays a pivotal role in coordinating economic transformation. In this study, public sector refers to that segment of the economy controlled and managed by the government at federal, state, and local levels. It encompasses ministries, departments, agencies, regulatory authorities, state-owned enterprises, and publicly funded institutions whose primary objective is not profit maximization but public welfare, service delivery, and national development. According to Lane (2000), the public sector represents the institutional embodiment of the state's authority and responsibility to allocate resources, regulate markets, provide public goods, and correct market failures. Public sector institutions are characterized by accountability to citizens, adherence to legal frameworks, and alignment with national policy objectives. Unlike the private sector, which is driven primarily by profit motives, the public sector prioritizes social equity, macroeconomic stability, and long-term development planning.

In development economics, the role of the public sector is often linked to structural transformation and modernization. Musgrave et al (1989) emphasize that the public sector performs three fundamental functions: allocation, distribution, and stabilization. The allocation function involves providing public goods such as infrastructure and industrial support services; the distribution function addresses income inequality; while the stabilization function ensures macroeconomic balance through fiscal and monetary policy. In the Nigerian context, the public sector has historically been instrumental in shaping industrial policies, establishing state-owned enterprises, and creating enabling environments for private sector growth. The post-independence period witnessed extensive state participation in manufacturing, energy, steel production, and petrochemicals, reflecting a developmental state approach. As noted by Ekpo (2004), Nigeria's public sector was conceived as the primary driver of economic modernization, especially in sectors where private capital was weak or risk-averse.

However, public sector effectiveness depends heavily on institutional capacity, governance quality, transparency, and policy coherence. Contemporary scholarship increasingly emphasizes the need for public sector reform, performance management, and institutional strengthening to enhance developmental outcomes (Pollitt & Bouckaert, 2017). Within the framework of sustainable industrial development, the public sector is not merely a regulator but also a facilitator, financier, innovator, and strategic planner.

(b) Public sector institutions and institutional framework

Public sector institutions constitute the operational machinery through which government policies are formulated, implemented, monitored, and evaluated. Institutional frameworks

stand as the legal, regulatory, administrative, and organizational arrangements that guide the functioning of these bodies. North (1990) conceptualizes institutions as the “rules of the game” that structure political, economic, and social interactions. In the public sector, institutional frameworks determine how industrial policies are designed, enforced, and sustained. A strong institutional framework is essential for industrial development because it provides predictability, reduces transaction costs, and builds investor confidence. According to Acemoglu et al (2012), inclusive and well-functioning institutions are fundamental determinants of economic growth and industrial transformation. Where institutions are weak, fragmented, or inconsistent, industrial policies tend to fail due to poor coordination and lack of accountability.

In Nigeria, public sector institutions involved in industrial governance include ministries responsible for industry, finance, planning, environment, science and technology, as well as regulatory agencies overseeing standards, investment promotion, and competition policy. The institutional framework governing industrial development includes legislative acts, industrial master plans, national development strategies, fiscal policies, and regulatory guidelines. Institutional capacity encompasses human resources, technical expertise, financial resources, and administrative efficiency. Grindle (1997) argues that institutional capacity determines the ability of public agencies to translate policy intentions into measurable outcomes. Weak inter-agency coordination, bureaucratic bottlenecks, and policy discontinuities often undermine industrial development efforts in developing countries.

Furthermore, the concept of “good governance” is deeply embedded within institutional frameworks. Governance indicators such as transparency, rule of law, regulatory quality, and control of corruption significantly influence industrial performance (World Bank, 2017). Effective public sector institutions must therefore integrate accountability mechanisms, stakeholder engagement, and evidence-based policy design to foster sustainable industrial growth.

(c) Industrialization and Industrial Development

Industrialization refers to the transformation of an economy from primary production to manufacturing and value-added activities, accompanied by technological advancement, productivity growth, and structural change. Historically, industrialization has been the cornerstone of economic transformation in developed nations, serving as the foundation for increased incomes, employment expansion, and technological innovation. Gerschenkron (1962) posits that industrialization is a strategic process requiring state intervention, especially in late-developing economies. Industrial development goes beyond factory establishment; it involves industrial diversification, technological upgrading, infrastructure development, and the creation of competitive production systems. It also entails the integration of domestic industries into global value chains. In the Nigerian context, industrial development has been shaped by various policy regimes in Nigeria (Table 1).

Table 1: Nigeria National Development plans in the 4th Republic, 1999 – 2025

S/N	Programme/Plan	Initiator/Period	Focus	Remark
1.	National economic empowerment and development strategy (NEEDS/SEED /LEEDS)	Olusegun Obasanjo, 1999-2007	<ol style="list-style-type: none"> Laying solid foundation for sustainable/self-reliant development. Poverty reduction, employment generation, wealth creation and value re-orientation for transforming Nigerian to become the strongest economy in Africa. An economic agenda that required states (SEEDS) and local government (LEEDS) to prepare their strategies. 	<ol style="list-style-type: none"> Achieved minimal degree of success. Absence of clearly defined strategies and poor implementation Over reliance on domestic/foreign borrowings. Plans have not critically addressed problem of production and productivity. Hardly any plan that does not prioritize these programmes/projects. Mere recycling of programmes, projects and plans (PPPS). Discredited development strategies.
2	7-point Agenda	Musa Yar'Adua, 2007-	<ol style="list-style-type: none"> Critical infrastructure development. Niger delta development. Agricultural development/food security. Human capital development. Land tenure changes/home ownership. National security /intelligence. Wealth creation. 	
3	Vision 20:2020	Goodluck Ebele Jonathan (GEJ), 2009-	<p>Long-term economic transformation and blue print for:</p> <ol style="list-style-type: none"> Improving standard of living. Placing Nigerian economy to be among the top 20 largest economies of the world by year 2020. Fiscal prudence. 	
4	National industrial revolution	2014-	<ol style="list-style-type: none"> Increased infrastructural facilities to support industrialization, Diversification of economy Agriculture as pivotal to industrialization. 	
5	Economic Recovery Growth Plan (ERGP)	Muhammadu Buhari, 2017-2020	<ol style="list-style-type: none"> Comprehensive economic intervention plan in propelling growth in medium term. Restore growth, macro-economic stability and propel economic growth/diversification. Priority areas – agriculture, food security, power, infrastructure, industrialization, etc. 	
6	National development plan (NDP) vol.1	2021-2025	<ol style="list-style-type: none"> Medium term blue print to unlock economic potentials in 7 cluster areas: economic growth/development, HCD, infrastructure, public administration, social development, regional development plan implementation. 	

Source: Author's Compilation, 2025

In Table 1, we have listed the various industrial development. However, structural constraints such as overdependence on oil exports, weak manufacturing capacity, and limited technological plans embarked upon by the various regimes in Nigeria beginning with the national economic empowerment and development strategy (NEEDS), introduced by Olusengun Obasanjo (1999-2007), 12th Nigeria Head of State and government (HOSG). The plan was to be replicated at the state and local government levels as state economic empowerment and development and strategy (SEEDS) and local economic empowerment and development and strategy (LEEDS). It was for laying solid foundation for sustainable industrial development as well as, wealth creation to reduce poverty and unemployment. However, the succeeding administration by Musa Yar'adua, propounded seven 7-point agenda in 2007 which metamorphosed to Vision 2020 and national industrial revolution by Goodluck Ebele Jonathan, 14th Nigeria HOSG (2009 and 2015). The administration President Muhammadu Buhari PMB further formulated the economic recovery growth plan (2017-2020) as a diversified and inclusive economy. It has three major objectives; especially, national development plan (NDP) for 2021 – 2025. The NDP assumes that, the country's resources would be properly managed and channeled to the set of human capital development and social development. Capability building is critical for sustained industrial growth, particularly in developing economies. Industrial development is multidimensional. It includes horizontal diversification (expansion into new industries), vertical integration (processing raw materials domestically), and technological deepening (innovation and research-driven productivity). It also requires reliable infrastructure electricity, transportation networks, communication systems, and logistics. Modern industrial development theories emphasize competitiveness, productivity enhancement, and innovation systems. Porter (1990) highlights the role of competitive advantage in shaping industrial success, arguing that nations must develop strong industrial clusters supported by government policies and institutional frameworks.

Dimensions and Indicators of Sustainable industrial Development

(a) Dimensions: Sustainable industrial development represents the integration of economic growth, environmental stewardship, and social inclusion within industrial policy and practice. It reflects the broader concept of sustainable development, defined by the World Commission on Environment and Development as development that meets present needs without compromising the ability of future generations to meet theirs. Sustainable industrial development encompasses three primary dimensions: economic sustainability, environmental sustainability, and social sustainability. Economic sustainability involves maintaining long-term industrial productivity, competitiveness, and resilience. Environmental sustainability emphasizes reduced carbon emissions, efficient resource utilization, pollution control, and green technology adoption. Social sustainability ensures decent work conditions, equitable income distribution, and inclusive participation in industrial growth.

(b) Indicators: Indicators of sustainable industrial development include manufacturing value added as a percentage of GDP, industrial employment rates, energy efficiency levels, carbon emission intensity, technological innovation indices, and investment in research and development. According to the United Nations Industrial Development Organization (2019),

sustainable industrialization requires innovation-driven growth and environmentally responsible production systems. Green industrialization is increasingly recognized as a strategic pathway for sustainability. It promotes renewable energy integration, waste recycling, eco-friendly manufacturing processes, and sustainable supply chains. Barbier (2010) argues that green economic transformation can simultaneously stimulate industrial growth and environmental protection. In Nigeria, sustainable industrial development remains an emerging agenda. Industrial activities often face challenges such as environmental degradation, gas flaring, pollution, and unsustainable resource extraction. Achieving sustainability therefore requires strong regulatory enforcement, environmental standards, and technological innovation supported by public institutions.

Role of public sector institutions in promoting sustainable industrial development

Public sector institutions play a decisive role in fostering sustainable industrial development by designing policies, mobilizing resources, regulating markets, and ensuring environmental compliance. The developmental state theory suggests that governments can accelerate industrial transformation through strategic coordination and institutional capacity. Public institutions provide industrial policy direction through national development plans, sectoral strategies, and fiscal incentives. They also facilitate infrastructure provision power supply, industrial parks, a transportation corridor which forms the backbone of industrial productivity. Public sector institutions mobilize financial resources through development banks, credit schemes, and investment promotion frameworks. Development finance institutions bridge funding gaps for small and medium industrial enterprises, enabling innovation and expansion. Regulatory agencies enforce environmental standards and labor laws, ensuring that industrial growth aligns with sustainability principles. Effective regulation prevents market failures such as pollution, resource depletion, and social inequality. Through partnerships with universities, research institutes, and private enterprises. Nelson (1993) emphasizes the importance of national innovation systems in sustaining industrial competitiveness. Institutional weaknesses corruption, bureaucratic inefficiency, policy inconsistency, and weak monitoring systems often undermine these roles. Strengthening institutional governance, improving inter-agency coordination, and adopting transparent accountability mechanisms are therefore essential for achieving sustainable industrial transformation.

Theoretical Framework

The study adopted the *Developed Institutional Theory* propounded by Douglass North (1990) as the theoretical framework. North defined institutions as the “rules of the game” in a society humanly devised constraints that structure political, economic, and social interactions (North, 1990). These rules consist of both formal frameworks, such as constitutions, laws, property rights, regulations, and contracts, and informal institutions, including norms, traditions, conventions, and codes of conduct. Together, these elements create an incentive structure that influences the behaviour of individuals, firms, and governments. North's theory is a departure from purely neoclassical economic explanations of development by emphasizing that economic outcomes cannot be understood solely through market forces or technological advancement; instead, they are deeply embedded in institutional arrangements that determine how resources are allocated and how transactions occur.

In relation to the study, North's Institutional Theory provides a powerful analytical lens for understanding governance quality, administrative capacity, and policy effectiveness. Public institutions operate within a complex web of formal and informal rules that determine how decisions are made, how authority is exercised, and how accountability is enforced. When public sector institutions are governed by clear legal frameworks, transparent procedures, and strong accountability mechanisms, they tend to reduce uncertainty for economic actors. This encourages private investment, supports market development, and enhances public trust. However, when institutions are characterized by corruption, weak enforcement of laws, and inconsistent regulatory practices, transaction costs rise significantly. Businesses may be forced to rely on informal networks, bribery, or personal connections to operate, which undermines efficiency and long-term development.

North emphasizes the importance of credible commitment in public institutions. Governments should be able to commit credibly to policies that protect property rights, enforce contracts, and maintain macroeconomic stability. If political leaders frequently change policies for short-term gain or fail to uphold legal agreements, investors lose confidence. Sustainable industrial development depends heavily on such credibility. Industrial actors require long-term investments in infrastructure, technology, and human capital. These investments shall only occur if the institutional environment ensures stability and predictability. Therefore, public sector institutions that demonstrate consistency, rule of law, and impartial enforcement play a foundational role in industrial growth.

Methodology

This study applied a descriptive research design, relying secondary sources of data to examine the role of public sector institutions in promoting sustainable industrial development in Nigeria. Using materials such as government publications, institutional reports, academic journals, books, and international development reports, the study synthesized existing knowledge on institutional frameworks, industrial policies, and sustainability practices. The descriptive design allows for a detailed review of these sources, highlighting trends, interventions, and outcomes without the need for primary data collection, and ensures that the analysis remains systematic, coherent, and grounded in credible evidence. The data collected from these sources were analyzed using thematic content analysis, a qualitative method that identifies and categorizes recurring themes across different materials. This approach enables the researcher to extract meaningful patterns related to institutional roles, policy effectiveness, sectoral contributions, and sustainability measures, and to integrate these findings into a coherent discussion of sustainable industrial development in Nigeria.

Discussion and Results

(a) Discussion of Findings

(i) The Role of Public Sector Institutions in Nigeria

In examining the role of public sector institutions in promoting sustainable industrial development in Nigeria, it is important to first identify the key federal institutions that form the backbone of industrial governance, regulation, financing, and policy implementation. These institutions constitute the structural and administrative framework through which

industrial policies are formulated, coordinated, and executed. Their establishment over different periods reflects Nigeria's evolving approach to economic management, industrial expansion, sustainability regulation, and institutional strengthening. The table below presents the major federal public sector institutions in Nigeria arranged in chronological order (from the most recent to the oldest), highlighting their dates of establishment. This provides a foundational basis for analyzing their roles, effectiveness, and contributions to sustainable industrial development in Nigeria.

Table 2: Major Federal Public Sector Institutions in Nigeria and Their Dates of Establishment

S/N	Name of Institution	Date Established
1	Federal Ministry of Budget and National Planning	2015
2	Federal Ministry of Industry, Trade and Investment	2011
3	Nigerian Content Development and Monitoring Board	2010
4	National Bureau of Statistics	2007
5	National Environmental Standards and Regulations Enforcement Agency	2007
6	Infrastructure Concession Regulatory Commission	2005
7	Nigerian Electricity Regulatory Commission	2005
8	Small and Medium Enterprises Development Agency of Nigeria	2003
9	Bank of Industry	2001
10	Federal Ministry of Environment	1999
11	Bureau of Public Enterprises	1999
12	Nigerian Investment Promotion Commission	1995
13	National Agency for Science and Engineering Infrastructure	1992
14	Raw Materials Research and Development Council	1987
15	Federal Ministry of Science, Technology and Innovation	1980
16	National Office for Technology Acquisition and Promotion	1979
17	Nigerian National Petroleum Company Limited	1977
18	Nigerian Export Promotion Council	1976
19	Standards Organisation of Nigeria	1971
20	Industrial Training Fund	1971
21	Central Bank of Nigeria	1958
22	Federal Ministry of Finance	1958
23	Federal Ministry of Power	1950
24	Federal Inland Revenue Service	1943
25	Federal Ministry of Labour and Employment	1939

Source: Federal Government of Nigeria Establishment Acts, Official Gazettes, and institutional records . <https://nigeriareposit.nlm.gov.ng/collections/246c6469-f257-4c57-8859-72d9002f2919>. Federal Government of Nigeria (Accessed 2026)

In Table 1 we have stated the federal government institution and their years of establishment. These agencies were established to assist the government in policy formulation, regulation, financing, infrastructure provision, technology promotion, environmental protection, fiscal management, and human capital development. For instance, the Federal Ministry of Industry, Trade and Investment plays a central coordinating role in designing industrial policies, promoting local production, attracting foreign direct investment, and facilitating

trade expansion. Complementing this role, the Nigerian Investment Promotion Commission encourages both domestic and foreign investors through regulatory facilitation and investment incentives, while the Nigerian Export Promotion Council supports export diversification beyond oil dependence. Financial intermediation and industrial credit provision are primarily driven by the Bank of Industry and supported by macroeconomic stabilization policies of the Central Bank of Nigeria. These institutions provide long-term financing, intervention funds, and credit schemes targeted at manufacturing, agro-processing, and small and medium-scale enterprises. The Small and Medium Enterprises Development Agency of Nigeria further strengthens the SME ecosystem through capacity building, entrepreneurship development, and business support services, which are critical for inclusive industrialization. Regulatory and quality assurance functions are performed by institutions such as the Standards Organisation of Nigeria, which ensures compliance with product standards to enhance competitiveness, and the National Environmental Standards and Regulations Enforcement Agency, which enforces environmental sustainability in industrial operations. Infrastructure and energy regulation, essential for industrial productivity, are handled by bodies such as the Nigerian Electricity Regulatory Commission and the Infrastructure Concession Regulatory Commission. Together, these institutions align industrial expansion with sustainability principles, technological advancement, environmental compliance, and long-term economic resilience.

(ii) Effectiveness of Public Sector Institutional Policies and Interventions in Achieving Sustainable Industrial Growth

Institutional reforms and targeted interventions have contributed to increased SME participation, improved regulatory frameworks, and expanded access to industrial financing. Intervention funds coordinated by the Central Bank of Nigeria and financing windows of the Bank of Industry have supported manufacturing clusters, agro-industrial value chains, and youth entrepreneurship initiatives. Additionally, export promotion strategies implemented by the Nigerian Export Promotion Council (EPC) have enhanced non-oil export awareness and market access programs. Environmental governance has also improved through regulatory enforcement by the National Environmental Standards and Regulations Enforcement Agency (NESREA) and policy coordination by the Federal Ministry of Environment, thereby integrating sustainability into industrial activities. Furthermore, public-private partnership (PPP) frameworks supervised by the Infrastructure Concession Regulatory Commission (ICRC) have stimulated private sector participation in infrastructure development. However, despite these policy initiatives, Nigeria's industrial sector continues to face structural bottlenecks such as low manufacturing contribution to GDP, heavy import dependence, inadequate power supply, and policy inconsistency. Institutional overlap, bureaucratic inefficiencies, and weak inter-agency coordination reduce the full impact of these interventions. Therefore, while institutional frameworks exist and have recorded measurable outputs, their overall effectiveness in delivering sustained, broad-based industrial transformation remains constrained by systemic challenges.

(iii) Challenges of Public Sector Institutions in Fostering Sustainable industrial Development in Nigeria

Public sector institutions in Nigeria face numerous structural, operational, and governance-related challenges that hinder sustainable industrial development. A major constraint is policy inconsistency and frequent administrative restructuring, which disrupt long-term industrial planning. For example, changes in ministerial configurations and overlapping mandates among agencies often create regulatory uncertainty for investors. Funding limitations and delayed budget releases further weaken institutional capacity to implement industrial programs effectively. Infrastructure deficits particularly unreliable electricity supply, weak transport networks, and limited industrial parks also undermine institutional efforts despite regulatory oversight by bodies such as the Nigerian electricity regulatory commission. Additionally, corruption, weak monitoring and evaluation systems, and inadequate data coordination even with the presence of the National bureau of statistics limit evidence-based policymaking and performance tracking. To improve outcomes, this study suggests strengthening inter-agency coordination mechanisms, enhancing institutional autonomy and accountability, improving budgetary stability, and deepening digital governance systems for transparency. Greater alignment between industrial, environmental, fiscal, and technological policies is also essential. Furthermore, sustained investment in infrastructure, innovation systems, and human capital development will enhance the capacity of these public sector institutions to deliver inclusive and environmentally sustainable industrial growth. Strengthening monitoring and evaluation frameworks and ensuring continuity in industrial policy implementation are critical for translating institutional mandates into measurable developmental impact.

Results of Findings

The study found out the following:

- 1) Public sector institutions in Nigeria perform extensive roles in policy formulation, industrial financing, regulation, export promotion, environmental protection, infrastructure development, and human capital formation, forming a broad institutional framework for industrial development.
- 2) Despite the presence of these institutions and multiple policy interventions, sustainable industrial growth remains limited due to structural bottlenecks such as inadequate infrastructure, inconsistent policies, weak inter-agency coordination, and limited access to finance.
- 3) Institutional challenges including bureaucratic inefficiency, insufficient monitoring mechanisms, funding constraints, and regulatory overlaps significantly undermine the effectiveness of public sector institutions in achieving long-term sustainable industrial transformation.

Conclusion

Based on discussion, results and findings of the study, the study concludes that public sector institutions occupy a central and indispensable position in Nigeria's pursuit of sustainable industrial development. Over several decades, the Federal Government has established a wide network of ministries, regulatory agencies, financial institutions, and development bodies

designed to stimulate industrial productivity, promote investment, regulate standards, ensure environmental compliance, and facilitate macroeconomic stability. These institutions collectively reflect a strong policy recognition of industrialization as a pathway to economic diversification and sustainable growth.

However, the mere existence of institutional frameworks does not automatically translate into sustainable industrial outcomes. The study establishes that while institutional mandates are comprehensive and theoretically aligned with sustainability principles, their practical impact is weakened by systemic and structural constraints. Persistent infrastructure deficits, policy discontinuity, bureaucratic delays, and inadequate coordination mechanisms reduce the overall effectiveness of industrial interventions. Furthermore, insufficient integration of environmental sustainability into core industrial planning limits the achievement of balanced economic, social, and ecological objectives. Therefore, the study concludes that sustainable industrial development in Nigeria depends not only on institutional presence but on institutional coherence, stability, accountability, and capacity. Strengthening governance structures, improving policy consistency, and enhancing inter-agency collaboration are essential to reposition public sector institutions as effective drivers of long-term industrial transformation. Without addressing these underlying institutional weaknesses, Nigeria's aspiration for sustainable industrial growth may remain only partially realized.

Recommendations

The study recommends that:

- 1) The government should strengthen inter-agency coordination and establish clear frameworks for policy alignment among industrial, environmental, financial, and technological institutions to eliminate duplication and enhance efficiency.
- 2) There should be sustained investment in infrastructure development, particularly in electricity supply, transportation networks, and industrial clusters, to support productive industrial activities and improve competitiveness.
- 3) Institutional reforms aimed at improving transparency, accountability, monitoring, and evaluation mechanisms should be prioritized to enhance the effectiveness of public sector policies and ensure continuity in industrial development strategies.

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