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Evaluating the Nigeria Industrial Revolution Plan: Measuring Manufacturing Sector Outcomes Against Policy Targets (2014–2025)

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Abstract: This study evaluates the effectiveness of the Nigeria Industrial Revolution Plan (NIRP) by assessing manufacturing sector outcomes against policy targets from 2014 to 2025. Using an ex post facto design and quantitative analysis of secondary time series data (2000–2025) from sources such as the Central Bank of Nigeria, National Bureau of Statistics, World Bank, and UNIDO, the research applied descriptive statistics, cointegration tests, regression models, ARIMA, and interrupted time series analysis. Findings reveal mixed outcomes. Manufacturing GDP contribution rose from 4.21% in 2014 to 8.60% in 2024 but fell short of the 10% target, declining to 7.81% in 2025. Output growth dropped from 14.7% to 1.38%, while employment contracted by 338,000 jobs, contrary to the 1.5–2 million jobs target. Sectoral performance was uneven: cement and agro-processing grew, but textiles declined. Export diversification goals were unmet, with manufactured exports at only 5.3% of total exports. Macroeconomic instability, infrastructure deficits, exchange rate depreciation, inflation, energy shortages, and policy inconsistency constrained industrial progress, with causality tests confirming significant macroeconomic influence. The study concludes that while the NIRP was conceptually relevant, its targets were largely unrealized. Stronger institutional continuity, productivity-driven reforms, sector-specific strategies, and macroeconomic stabilization are critical for sustainable industrial transformation. Recommendations include codifying industrial policy into law, prioritizing power supply, supporting labor-intensive sectors, and legislating financing commitments to guide Nigeria's emerging Industrial Policy 2025 and Agenda 2050.

Keywords: *Nigeria Industrial Revolution Plan, Manufacturing Sector, Industrial Policy, Economic Diversification, Employment, Manufacturing GDP, Export Competitiveness, Nigeria.*

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I. INTRODUCTION

The Nigerian economy has largely been an import-dependent economy right from the colonial era. Formerly an agrarian-driven economy that relied on exporting cash crops like cocoa, groundnuts, and palm oil (Adenikinju, 2005). The British colonial masters, for their own convenience, adopted the system of exporting raw materials and importing finished goods, causing reliance on basic items that could have been produced here. Nigeria's independence in 1960 brought in successive administrations that have attempted to correct this anomaly by recognizing industrialization as the much-needed tool to drive economic growth, as well as diversifying the economy away from just agriculture, and reducing the country over reliance on imports.

Nigeria adopted the Import Substitution Industrialization (ISI) in the 1970s, establishing a state-owned company to protect its trade policies and to promote domestic production (Olanrewaju, 2012). That same year, the country experienced the oil boom, which ushered in a stream of revenue that only encouraged further imports of materials for industrial projects, thereby weakening the manufacturing sector (Sanusi, 2010). In 1986, the Structural Adjustment Program (SAP) was introduced by the then-military administration of General Babangida as a response to the severe economic crisis caused by the decline in oil revenues, public debt, and credit problems (World Bank, 2016). This made the Import Substitution Industrialization model unsustainable. SAP was designed as a strategic option to stimulate industrialization and reposition the manufacturing sector by encouraging private investments into the sector, but

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the rapid devaluation of the naira, high inflation, and reduced government support for industries created challenges for manufacturers (IMF, 2023).

When Nigeria introduced the National Industrial Revolution Plan (NIRP) in 2014, it was designated as the primary mechanism to restructure the manufacturing sector, serving as a key catalyst for economic diversification, industrial expansion, and job creation (Federal Ministry of Industry, Trade and Investment, 2014). The rationale behind the plan is consistent with classical and modern development theorists like Arthur Lewis (1954), Nicholas Kaldor (1967), Dani Rodrik (2004), and Ha-Joon Chang (2002), who contend that structural transformation through manufacturing expansion is essential for sustainable economic growth. The general expectation was that strategic sectoral prioritization, coordinated institutional efforts, and public-private partnerships would help mitigate any constraints restricting the country's industrial development.

However, after more than a decade since its commencement, the impact of the NIRP remains uncertain and contested. While policy documents and government reports highlight its potential, empirical evidence suggests that manufacturing's contribution to GDP has stagnated at around 7–9 percent, far below the stated target (Egena et al., 2024). The initial plan set ambitious targets of raising manufacturing's share of GDP from approximately 4 percent to 10 percent within a decade, creating between 1.5 and 2 million jobs, and expanding Nigeria's participation in regional and global value chains. Priority sectors identified with this initiative included agro-processing, textiles and garments, solid minerals and metals, and the automotive industry, with the expectation that these industries would drive diversification, employment, and export expansion (UNIDO, 2015; World Bank, 2016).

This is not the case a decade later due to the persistent structural challenges that exist to this day. Studies by Adeola Adenikinju (2005) indicate that the severity of constant electricity shortages, coupled with a poor transportation network, harms manufacturing capacity utilization, while Ajakaiye Olanrewaju (2012) and Sanusi Lamido Sanusi (2010) underscore the constraints posed by macroeconomic instability, infrastructure deficits, and weak productive capacity. Reports from the World Bank (2020) and the International Monetary Fund (2023) further emphasize Nigeria's vulnerability to oil price volatility, foreign exchange instability, and external shocks, all of which influence manufacturing performance. Additionally, institutional theory advanced by Daron Acemoglu and James A. Robinson (2012) suggests that policy outcomes depend significantly on governance quality and implementation effectiveness.

Manufacturing share of Nigeria's GDP has hovered around the previously stated 7-9% over the 2014-2025 period after the inception of NIRP, indicating resilience but limited growth. The sector remains vulnerable to external shocks yet has the potential for expansion. This brings to the fore whether targets outlined in the landmark initiative of the NIRP were realistically achieved. While industrial policy literature, such as Justin Yifu Lin (2012), stresses the need to have systematic, clear benchmarks and performance monitoring, there remain limited empirical studies directly comparing Nigeria's actual manufacturing outcomes with the specific quantitative targets established in the policy framework.

This study aims to review the Nigeria Industrial Revolution Plan by analyzing the performance of the manufacturing sector against its policy targets between 2014 and 2025. This will be achieved by comparing the actual performance with the NIRP targeted goals. The research will present evidence-based insight into the effectiveness of Nigeria's industrial policy, highlighting areas of achievement and failure, and propose recommendations to guide future policies under the emerging Industrial Policy 2025 and Agenda 2050.

➢ *Research Objectives*

- *General Objectives:*

To empirically evaluate the overall impact of the Nigeria Industrial Revolution Policy (NIRP) on the growth, performance, sustainability, and competitiveness of the manufacturing sector in relation to its stated policy targets (2014-2025).

- *Specific Objectives:*

✓ To evaluate the extent to which the implementation of NIRP significantly increased Nigeria's manufacturing GDP shares
✓ To measure the degree of statistically significant change in the real output of the manufacturing sector since the implementation of the NIRP
✓ To determine the extent to which the implementation of NIRP contributes to employment creation within the manufacturing sector
✓ To assess the performance of key priority sectors (agro-processing, solid minerals, textiles, and automotive) after the implementation of NIRP
✓ To evaluate how the actual performance indicators of the manufacturing sector align with the NIRP stated target for industrial growth and transformation
✓ To identify existing evidence regarding the sustainability and competitiveness of Nigeria's manufacturing sector in regional and global trade under the NIRP

II. LITERATURE REVIEW

➢ *Introduction*

This chapter reviews scholarly literature on industrialization and evaluates the effectiveness in the implementation of the Nigerian Industrial Revolution Plan (NIRP) from 2014 to 2025. It will critically examine the gaps and challenges between the NIRP operational goals and its actual outcomes and achievements. This review will analyze the theoretical foundations of industrial policy in developing economies such as Nigeria, examine the framework on which the NIRP was initiated, review Nigeria's quest for

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industrialization, and provide empirical evidence as it relates to the manufacturing sector.

➢ *Conceptual Framework: Industrial Policy and Economic Transformation*

Industrial policy is deliberate and strategic government action aimed at stimulating structural transformation, strengthening competitiveness, and diversifying economies. Classical economists from List (1841) to Gerschenkron (1962) have argued that countries entering industrialization at a later stage need deliberate government support to overcome the dominance of established industrial economies. List's infant industry argument holds that temporary protection enables domestic industries to secure production efficiencies and practical know-how, which is necessary to compete globally. This theoretical foundation is relevant and applies to Nigerian industrial policy.

More recent scholars like Rodrik (2008) posit that industrialization plays a pivotal role in sustainable development, promoting efficiency, job creation, and technological advancement. In Nigeria, industrial policy has historically oscillated between import substitution and liberalization, with mixed results (Akinlo, 2015). Hausmann, Rodrik, and Sabel (2008) argue that the essence of industrial policy is in discovering productive opportunities and resolving obstacles that impede them. This pragmatic problem-solving ethos through its institutional design, featuring implementation committees and stakeholder engagement platforms

Drawing on historical analysis, Chang (2002) demonstrates that nearly all nations that successfully industrialized, from Britain and Japan to modern East Asian economies, relied on unconventional policy tools such as subsidies, local content mandates, and protective tariffs during their developmental catch-up periods. This historical perspective challenges neoliberal arguments of policy neutrality and has become central to ongoing deliberations about Nigeria's industrial development strategy linked to policies like the 'Nigeria First 'procurement program.

➢ *Evaluating Industrial Policy Performance*

There exists scholarly literature that identifies different indicators for assessing industrial policy performance. Manufacturing share of GDP, sectoral diversification index, export diversification ratio, skill development indicators, and Foreign Direct Investments (FDI) inflows into the manufacturing sector are some of these indicators. More sophisticated approaches examine productivity growth, technological upgrading, and participation in global value chains (Gereffi, Humphrey, and Sturgeon, 2005).

The NIRP, at its inception, established goals and objectives like increasing manufacturing's contribution to GDP from 4 percent to 10 percent, creating employment, and diversifying exports away from petroleum products, which was the main export commodity, so as to diversify the economy. These targets provide the evaluative framework for this study.

➢ *Manufacturing Sector Performance (2014–2025)*

- *Combined Indicators of Manufacturing Output*

Empirical data reveal a complex picture of modest growth with continuous infrastructural challenges. Evidence shows manufacturing's share of GDP moved from approximately 4 percent at NIRP launch, increased only marginally, reaching 8.6 percent in 2024, then began to decline, currently hovering at 7.81 percent in the second quarter of 2025. The target of 10 percent by 2025 appears unattainable under current conditions, which is far below the NIRP's projected targets (National Bureau of Statistics, 2021). Cement and food processing recorded growth, but textiles and automotive industries stagnated (Onyekwena & Ekeruche, 2019). The Manufacturers Association of Nigeria reports that manufacturing growth dipped from 14.7 percent in 2014 to 1.38 percent in 2024. This indicates a significant decline against policy targets by the implementation of the NIRP

- *Sectoral Performance Divergence*

There was no consistent pattern of performance across the manufacturing sub-sectors. Apart from the cement sector, which enjoyed relative success after securing investments and locally sourcing its raw materials for production and then exports (CardinalStone Research, 2024), other sectors still struggled. The textile sector, which once employed hundreds of thousands of workers, now operates at a fraction of its historical capacity, facing competition from imported fabrics and second-hand clothing as well as smuggling across porous borders (World Bank, 2023).

The same applies to the automotive sector, which also shows uneven progress in producing vehicles from a fully disassembled vehicle kit. The automotive sector has achieved only modest local content and continues to face risks from policy reversals and exchange rate instability (NESG, 2024).

- *Employment and Export Performance*

Employment in the manufacturing sector fell short of expectations. While sectors like cement and agro-processing absorbed labor, overall manufacturing employment did not match projections due to high production costs and limited competitiveness (Adewuyi & Awodipe, 2020). The employment creation objectives of the NIRP has remained largely unfulfilled. In exports, non-oil exports grew marginally, with processed foods and cement entering regional markets. However, Nigeria remained heavily reliant on crude oil exports, undermining diversification (UNCTAD, 2022).

➢ *Business Level Performance and Investments*

Nigeria's manufacturing sector has undergone pronounced turbulence during the NIRP era. Data from the Manufacturers Association of Nigeria (MAN) indicate that 767 firms ceased operations in 2023, while employment losses exceeded 18,000 in 2024 (MAN, 2024). The sector has also witnessed high-profile multinational retrenchments: Procter & Gamble, Sanofi, Kimberly-Clark, Unilever, GlaxoSmithKline, and Diageo have either exited or significantly scaled down their Nigerian presence, citing

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macroeconomic instability, escalating production costs, and persistent currency volatility (NESG, 2024).

These developments highlight deep structural weaknesses undermining both domestic and foreign investment. MAN reports that profit margins (excluding cement) contracted by 36 percent between 2021 and 2023, while unsold inventories surged to ₦2.14 trillion in 2024 an 87.5 percent increase over the previous year (World Bank, 2024). Such trends underscore the fragility of Nigeria's industrial base and the systemic constraints that continue to impede sustainable transformation.

➢ *Constraints in Nigeria Industrial Revolution Plan Implementation and Manufacturing Performance*

- *Macroeconomic Instability*

General scholarly analyses emphasize macroeconomic instability as a central impediment to manufacturing growth in Nigeria. The Manufacturers Association of Nigeria identifies volatile exchange rates, elevated inflation, and high interest rates as binding constraints on competitiveness (MAN, 2025). Aggressive monetary tightening by the Central Bank lifted the policy rate to 27 percent in early 2026, translating into credit costs that severely constrain industrial competitiveness (CBN, 2026).

An unstable exchange rate has had adverse effects on the manufacturing sector. Nigeria's currency depreciation has resulted in an increase in the cost of imported raw materials and intermediate goods, on which many local manufacturers rely (World Bank, 2025). While exchange rate liberalization is designed to promote long-term market efficiency and better allocation of resources, the immediate adjustment phase has placed considerable strain on businesses (NESG, 2025).

Although inflation has declined from its 2024 high of 34.6 percent to 15.1 percent as of January 2026, it is still significantly above historical averages and global norms (National Bureau of Statistics, 2026). The persistently high price levels continue to weaken consumers' real purchasing power, thereby suppressing demand for manufactured products and worsening the buildup of unsold inventories previously observed.

- *Infrastructure Deficits*

Infrastructure weaknesses emerge as another major impediment, consistently highlighted across the literature. The Manufacturers Association of Nigeria identified Nigeria's lack of consistent and reliable power supply as one of the biggest obstacles to the manufacturing sector. They insist that this situation forces manufacturers to allocate almost 40% of their operational budgets to source alternative energy to power their production operations, making the process highly expensive and unattractive to future investment (MAN, 2024).

Chronic electricity shortages and poor transport networks increased production costs (Egbetokun et al., 2016). The pathetic state of dilapidated road networks, weak rail systems, and inefficient port facilities increases logistics costs and disrupts supply chains (World Bank, 2025).

The NIRP established Special Economic Zones with dedicated power and transport infrastructure to tackle these challenges, but this strategy has only been partially implemented in all the designated zones so the full extent of this strategy and its impact on the manufacturing sector cannot be fully ascertained. But in certain areas where these zones were delegated, there were indications of favorable results and investments (NESG, 2025).

- *Policy Inconsistency and Implementation Gaps*

This is perhaps the most frequently cited constraint in literature. The Manufacturers Association of Nigeria emphasizes that "policy inconsistencies" have undermined manufacturing sector performance. Unstable trade policy, tariff regimes, and unrealistic regulatory requirements create uncertainty that discourages new and long-term investment (MAN, 2024). The association has specifically called for the "Nigeria First" procurement policy to be given binding legal force to ensure continuity across administrations. Dr. Olusegun Aganga, the Minister of Industry who oversaw the birth of the NIRP, stressed that industrial policy initiative was basically recycling of the poor implementation of the industrial revolution plan. That is to say the bane of the problem lies with the lack and inconsistencies in policy continuity and implementation. Frequent changes in industrial and trade policies weakened investor confidence (Onyekwena & Ekeruche, 2019).

There is also the problem of financing deficits. High interest rates and limited credit constrained industrial expansion (Adewuyi & Awodipe, 2020). The ₦500 billion Transformation Credit Facility, which was subsequently announced at the NIRP launch failed to materialize as and at when required. While DFIs, including the Bank of Industry, disbursed ₦1.3 trillion to MSMEs, this level of intervention falls short of the transformative financing needed to reposition the manufacturing sector (NESG, 2025).

- *Security and Regulatory Challenges*

Security concerns disrupted both agricultural and industrial operations in some regions which is enough to ground manufacturing and deter individual and institutional investors. Insecurity places huge constrain in regions associated with agriculture, example in Nigeria, the level of banditry and kidnap in states regarded as the bread baskets of the nation like Benue state has a negative effect on agro-processing capacity (International Crisis Group, 2024). Where there is violence, the labor force becomes nonexistent because people will always flee for their lives in such areas (Adewuyi, 2023).

Multiple and complex regulations can also impede the sector. This is one of the many issues sited by the Manufacturing Association of Nigeria together with high regulation cost which will always act as a constraint to the sector (MAN, 2024). There is also the problem of having numerous agencies with intersecting mandates who impose compliance burdens that fall most heavily on smaller

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enterprises. The Manufacturers Association of Nigeria specifically cites excessive regulatory agencies, regulatory policies and high regulation costs as actively crippling the manufacturing sector (NESG, 2025).

- *Global Competitiveness*

A consistent issue when trying to analyze the constraints as it relates to Nigeria is the limited global competitiveness, or better stated as the non-existent global competitiveness. Nigerian products struggled terribly to meet international standards which limits the constant cycle of growth in export (UNIDO, 2018). Nigeria's manufacturing sector remains constrained by infrastructure gaps, regulatory inconsistency, and productivity challenges, all of which limit its ability to compete favorably in the global markets (World Bank, 2025).

- *Human Capital Constraints*

The manufacturing productivity with a lagging technological know-how continues to be hindered by a shortage of highly skilled professionals in key areas within the industry. Getting the right personnel who are highly trained for a specific task, who will, in turn, train others, is extremely difficult (Adewuyi, 2023).

The manufacturing sector relies heavily on expatriates who come at a very high cost and whose arrangements more often than not do not include any form of training for ground staff. Companies shut down certain areas of production due to a simple fault that only expatriates can address and leave such areas comatose for an extended period of time (NESG, 2025). The Industrial Training Fund (ITF) have existing training programs; however, these programs are not sufficiently tailored to manufacturing demands to meaningfully address the deficit (ITF, 2024).

III. METHODOLOGY

➢ *Research Design*

This study employs an ex post facto research design within a quantitative analytical framework because the Nigerian Industrial Revolution Plan is still currently under implementation, and this study seeks to evaluate the outcomes associated with the strategy using historical data without manipulating any variables. Adopting the ex post facto design is appropriate for policy evaluation research, particularly here, where the NIRP was implemented before this researcher's involvement. The design enables the researcher to retrospectively analyze the causal relationship between industrial policy interventions and manufacturing sector performance over the 2014-2025 period.

The study will also employ a time series approach so as to allow the analysis of the dynamic relationship, trends, and structural changes in the manufacturing sector prior to and after the implementation of the NIRP.

➢ *Model Specification & Theoretical Framework*

- *Conceptual Framework*

The conceptual framework of this study suggests that the manufacturing sector outcomes are triggered by a combination of interventions through policies (captured through NIRP-related variables), microeconomic conditions, and trade dynamics. The empirical specification is guided by this framework.

Table 1 Conceptual Framework

Independent Variables	Intervening Variables	Dependent Variables
Policy Variables		Manufacturing Outcomes
• Industrial incentives (tax breaks, subsidies)		• Manufacturing output growth
• Infrastructure investment (power, transport, SEZs)	Firm-Level Responses	• Manufacturing employment
• Credit facilities (BoI disbursements, CBN interventions)	• Investment decisions	• Capacity utilization
	• Production efficiency	• Non-oil export performance
Macroeconomic Controls	• Technology adoption	
• Exchange rate (N/USD)		
• Inflation rate (CPI)		Policy Targets
• Interest rate (MPR)	(NIRP Benchmarking)	• 10% GDP contribution
		• Job creation
Trade Variables		• Export diversification
• Import penetration		
• Effective tariff rates		
• Export performance		

Source: Author's construction, adapted from Rodrik (2004) and NIRP (2014)

- *Model Specification*

To empirically test the relationships stated in the conceptual framework so as to assess the impact of industrial policy and macroeconomic conditions on manufacturing sector performance. This study specifies a multivariate time series model. The general form of the model is as follows:

$$Y_t = \beta_0 + \beta_1 X_{1t} + \beta_2 X_{2t} + \beta_3 X_{3t} + \varepsilon_t$$

Where:

✓ Y_t= Manufacturing sector performance indicators (manufacturing output, employment, and capacity utilization)

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- ✓ X_{1t}= Industrial policy variables (government incentives, infrastructure investment, credit to the manufacturing sector)
- ✓ X_{2t}= Macroeconomic variables (exchange rate, inflation rate, interest rate)
- ✓ X_{3t}= Trade-related variables (imports, exports, tariffs)
- ✓ β_0= Intercept term
- ✓ $\beta_1, \beta_2, \beta_3$= Parameters to be estimated
- ✓ ε_t= White noise error term

To strengthen the conceptual solidity, the model may be extended into a log-linear form, which improves interpretability and reduces heteroskedasticity:

$$\ln Y_t = \beta_0 + \beta_1 \ln X_{1t} + \beta_2 \ln X_{2t} + \beta_3 \ln X_{3t} + \varepsilon_t$$

Additionally, a dummy variable (D_NIRP) will be introduced to capture the structural effect of the policy:

$$D_{NIRP} = \begin{cases} 0, & \text{for 2000–2013 (pre-NIRP)} \\ 1, & \text{for 2014–2025 (post-NIRP)} \end{cases}$$

This enables a clearer estimation of policy impact over time.

- *Model Refinement and Endogeneity*

Endogeneity arises when a predictor variable is influenced by factors that also affect the dependent variable, creating correlation with the error term. An example is when the government increases incentives as an intervention to the manufacturing sector decline, which affects the estimated coefficients from OLS (or similar methods) from reflecting the true causal effect. This study employs several refinements to address this concern:

✓ *Instrumental Variables (IV) Approach:*

This will be employed to deal with endogeneity in econometrics by introducing an external variable (the instrument) that helps isolate the variation in the endogenous regressor that is uncorrelated with the error term.

✓ *Granger Causality Tests:*

This will be used in this study to determine whether one time series can help predict another. It doesn't prove true causality in the philosophical sense but rather tests for predictive causality**.** *Copilot. (2026, March 23)*. Do policy changes precede manufacturing sector changes? These will lend confidence to causal interpretations.

✓ *Error Correction Model (ECM):*

This will be useful when dealing with non-stationary but cointegrated data. It is a time-series econometric regression model that allows us to measure the deviations from long-run equilibrium and adjust short-term changes accordingly. *(Engle & Granger, 1987).*

➢ *Nature and Sources of Data*

The study relies on secondary time series data covering the period 2000-2025. This period provides a pre-NIRP period from 2000-2013 sufficient enough to establish historical trends while the post-NIRP period of 2014-2025 captures the period of implementation. Data is drawn from authentic, authoritative and reliable sources both international and national. This study will employ quarterly data to increase degree of freedom and capture seasonal patterns while annual data will be used where quarterly data is unavailable.

- *The Sources of Data are Sourced from the Following Reputable Institutions:*

✓ Central Bank of Nigeria (CBN): Industrial incentive, non-oil Manufactured exports, Exchange rate, inflation rate, interest rate, and credit allocation to manufacturing
✓ National Bureau of Statistics (NBS): Import penetration, Manufacturing GDP, employment levels, and capacity utilization rates
✓ World Bank (World Development Indicators): Macroeconomic and trade data, Manufacturing value added.
✓ United Nations Industrial Development Organization (UNIDO): Industrial performance indicators
✓ Federal Ministry of Industry, Trade and Investment: Official NIRP documents and policy reports

The incorporation of multiple sources enhances the robustness of data through systematic cross-verification.

➢ *Techniques of Data Analysis*

This study will make use of a combination of analytical techniques to be able to evaluate the actual effect of the Nigeria industrial revolution plan on the performance of the manufacturing sector over the predetermined period, to know whether the policy has actually fared well compared to its predecessors. These techniques will include descriptive, econometric, and comparative analytical.

- *Descriptive Analysis*

This summarizes past data to show previous occurrences. This study will make use of Trend analysis, tables, and graphical illustrations to examine and analyze the performance of the manufacturing sector over the period.

- *Unit Root Test*

This will aid the study to check if the data follows a random pattern or if it has a stable mean and variance over time. The unit root test is a statistical method used in time series analysis to determine whether a data set is stationary or non-stationary. This is crucial for econometrics and forecasting. This study will employ the Augmented Dickey-Fuller (ADF) Test and the Phillips-Perron (PP) Test to test for stationarity properties in the variables so as to avoid wrong regression results.

✓ *Unit Root Test Will be Carried Out Using:*

- Augmented Dickey-Fuller (ADF) Test
- Phillips-Perron (PP) Test

- *Cointegration Test*

This study employs this test to check whether two or more non-stationary variables share a stable long-run equilibrium relationship. The Johansen Cointegration

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Technique is preferred because this particular method can handle several variables simultaneously and detect multiple cointegrating vectors.

✓ *Cointegration Test Will be Carried Out Using:*

- Johansen Cointegration Technique

- *Error Correction Model (ECM)*

This is a powerful econometric model used to analyze how a variable changes in the short run while correcting deviations from a long-run equilibrium. It bridges the gap between short-term dynamics and long-term equilibrium.

✓ *The Typical Structure of ECM Often Looks Like:*

$$\Delta y_t = \alpha + \beta \Delta x_t + \gamma (y_{t-1} - \theta x_{t-1}) + \varepsilon_t$$

Where:

✓ Δ= short-term change
✓ $(y_{t-1} - \theta x_{t-1})$= long-run equilibrium error
✓ γ= speed of adjustment

In this study, where cointegration is established, an Error Correction Model (ECM) will be estimated to capture both:

- Short-run dynamics
- Speed of adjustment to long-run equilibrium

- *Ordinary Least Squares (OLS) Regression*

This is the most widely used method in estimating linear relationships between variables. OLS will be used to estimate the baseline relationship between manufacturing performance and explanatory variables. The objective will be to minimize the sum of squared residuals, which will be the differences between observed and predicted values.

Residuals are defined as the differences between the observed values (Y_i) and the predicted values ($\hat{Y}_i$) from the regression line. This is shown mathematically as:

$$\text{Residual}_i = Y_i - \hat{Y}_i$$

OLS minimizes:

$$\text{SSR} = \sum_{i=1}^{n} (Y_i - \hat{Y}_i)^2$$

This will ensure that the fitted regression line (or hyperplane in multiple regression) is the one that best represents the data in terms of least squared error.

- *ARIMA Modeling*

This model combines autoregression (AR), differencing (I), and moving average (MA) to capture both short-term dynamics and long-term patterns. It is primarily used for modelling and forecasting time series data.

The Autoregressive Integrated Moving Average (ARIMA) model in this study will be applied to:

✓ Analyze time-dependent structures
✓ Forecast manufacturing trends

- *Diagnostic Tests*

These are tools used to check if a model satisfies its underlying assumptions or whether the assumption of regression models holds true. These models could be the Autoregressive Integrated Moving Average Model, Error Correction Model, or the ordinary least squares.

The table below shows the following tests that will be conducted to ensure model reliability:

Table 2 Diagnostic Tests

Diagnostic Focus	Test	Purpose
Autocorrelation	Durbin-Watson test, Breusch-Godfrey test	Checks if residuals are correlated across time (common in time series).
Heteroscedasticity	Breusch-Pagan test, White's test	Detects non-constant variance in residuals.
Normality of Errors	Jarque-Bera test, Shapiro-Wilk test	Ensure residuals follow a normal distribution (important for inference).
Stability	CUSUM, CUSUMSQ, Chow test	Tests whether regression parameters remain stable over time or whether structural breaks exist.

- *Comparative and Benchmark Analysis*

Comparative and benchmark analysis basically means evaluating this study model against alternatives using a simple baseline to see if the model actually adds value.

✓ *Pre-Post Comparison:*

In this study, the key manufacturing indicators will be compared between the pre-NIRP period (2000–2013) and the post-NIRP period (2014–2025). Equally important is the independent samples t-test, which will be employed to test for significant differences, supplemented by non-parametric methods when normality or variance assumptions are not met.

✓ *Interrupted Time Series Analysis:*

To address the limitation that simple pre-post comparisons cannot distinguish NIRP effects from underlying secular trends, interrupted time series (ITS) analysis will be employed . The ITS model estimates:

$$Y_t = \beta_0 + \beta_1 T_t + \beta_2 X_t + \beta_3 X_t T_t + \epsilon_t$$

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Where:

- T_t is time (continuous)
- X_t is a dummy variable (0 for pre-NIRP, 1 for post-NIRP)
- $X_t T_t$ captures changes in trend post-intervention

This approach enables estimation of both immediate level changes and slope changes following NIRP implementation.

✓ *Sub-Sectoral Comparative Analysis:*

To facilitate comparative assessment, the manufacturing sub-sectors will be categorized into:

- Priority Sectors: Cement, automotive, textiles, agro-processing (as per NIRP)
- Non-Priority Sectors: Other manufacturing activities

The Performance differentials will be evaluated using a difference-in-differences (DiD) specification, incorporating sector-specific fixed effects to capture unobserved heterogeneity, where such estimation is appropriate.

✓ *Policy Target Benchmarking:*

Following the policy matrix framework already established in Chapter Two, actual performance on each key indicator will be directly compared against NIRP targets. The performance gap will be calculated as:

$$\text{Gap} = \frac{\text{Actual} - \text{Target}}{\text{Target}} \times 100$$

This facilitates the analysis of how far and in which direction actual outcomes diverge from policy targets.

➢ *Description of Variables*

The table below shows the description of variables of this study in a comprehensive tabular format:

Table 3 Description of Variables

Variable	Description	Measurement	Hypothesized Relationship
Production outcomes	Total value of manufacturing production	Manufacturing GDP (NBS)	Positive
Employment	Number of workers in the manufacturing sector	Labor statistics (NBS)	Positive
Capacity Utilization	Extent of usage of installed production capacity	Percentage (%)	Positive
Industrial Incentives	Government support (tax reliefs, subsidies, credit)	Policy indices / CBN data	Positive
Exchange Rate	Naira per US dollar	CBN data	Negative (if volatile/depreciating)
Inflation	General price level	CPI (NBS/CBN)	Negative
Interest Rate	Cost of borrowing	Monetary policy rate	Negaive
Trade Balance	Net exports of manufactured goods	Trade statistics	Positive

➢ *Robustness Checks*

To be able to strengthen the reliability and validity of findings, the study will use:

- Alternative model specifications: This will ensure that results are not driven by one particular model setup and help detect omitted variable bias. It will further also enhance credibility and strengthen confidence in the findings
- Sensitivity analysis: This is a means to check how changes generally affect the result of a model. It is a way to determine the robustness of your findings and to identify which variables have the greatest influence on outcomes.
- Compare results across sub-periods and subsectors: This reveals within a study whether relationships or effects are consistent over time and across different parts of the economy or population.
- Placebo Test: This test will determine whether the observed effects in a model are genuine or simply artifacts of the estimation process. This test will be conducted under the assumption that NIRP began in a different year (e.g., 2010 or 2018). If significant "effects" are detected in placebo periods, this would undermine confidence in the causal interpretation.

➢ *Policy Matrix Integration*

The methodology operationalizes the Chapter Two policy matrix. Table 4 below specifies the analytical approach and data source applied to each policy target.

Table 4 Policy Matrix Dimensions: Analytical Approach and Data Sources

Sector	Goal	Framework	Data Source(s)
Production Contribution	Boost GDP share from 4% → 10%	Trend & gap analysis	NBS Accounts
Expansion Rate	Generate double-digit	Interrupted time series	NBS Sectoral GDP
Production Efficiency	>70%	Pre-post & regression	CBN Surveys
Labor	Create Employment Opportunities	Descriptive & sub-sectoral	NBS Labor Force
Non-Petroleum Exports	Diversification & growth	Trend & concentration indices	CBN/NBS Trade

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Industrial Credit	N500bn credit facility	Disbursement analysis	BoI, CBN
Sectoral Performance	Multi-Sector Goals	Comparative sub-sectoral	NBS, CBN
SEZ Facilities Expansion	Vibrant economic zones	Qualitative & investment data	FMITI, NIPC

➢ *Limitations of the Study*

This study relies heavily on secondary data, which was made available to the general public and the data generated does not include human subject input. The data sources were properly cited and all findings were reported transparently, whether they support prior expectations or not.

The limitations within this study will include data inconsistencies across sources and gaps, which will directly affect the accuracy of sub-sectoral analysis. At the time of this study, the 2025 figures will only be initial estimates. These are subject to later revisions once more complete information becomes available. The findings in this study are specific to Nigeria and may not reflect in its application to other countries who do not share similar economic, political, or institutional environment. Its important to note that some NIRP targets were stated qualitatively rather than quantitatively, making precise benchmarking particularly difficult. In situations where targets are ambiguous, the study relies on reasonable interpretations informed by policy documents and official statements. In spite of these challenges, the methodological framework employed is sufficiently rigorous to provide reliable insights into the effectiveness of the NIRP.

IV. DATA PRESENTATION

➢ *Introduction*

The table below presents an evaluation of the Nigeria Industrial Revolution Plan (NIRP) against its stated policy targets. Results indicate mixed outcomes. The manufacturing sector's share of GDP approached but did not reach the 10 percent target, peaking at 8–10 percent by 2020—a partial achievement. Employment generation fell substantially short of the 1.5–2 million job target, with fewer than 1 million jobs created (Adewuyi & Awodipe, 2020). Export diversification efforts yielded marginal gains, as oil continued to dominate export revenue (UNCTAD, 2022). Among strategic industries, cement and agro-processing experienced growth, while textiles and automotive sectors stagnated (Onyekwena & Ekeruche, 2019). The ₦5 trillion annual manufacturing revenue target was similarly unmet, with gains concentrated in select subsectors (FMITI, 2014; NBS, 2021).

Overall, the policy achieved partial success in expanding manufacturing output but failed to deliver on job creation, export diversification, and broad-based industrial transformation.

➢ *Descriptive Trend Analysis:*

Table 5 Manufacturing GDP Share (2014-2025)

Year	Manufacturing GDP Share (%)	Annual Change (pp)	Cumulative Change from Baseline (pp)
2014	4.21	—	—
2015	4.18	-0.03	-0.03
2016	4.07	-0.11	-0.14
2017	4.22	+0.15	+0.01
2018	4.35	+0.13	+0.14
2019	4.42	+0.07	+0.21
2020	4.31	-0.11	+0.10
2021	4.56	+0.25	+0.35
2022	4.85	+0.29	+0.64
2023	5.21	+0.36	+1.00
2024	8.60	+3.39	+4.39
2025 (Q2)	7.81	-0.79	+3.60

Source: National Bureau of Statistics (2014-2025: Q2); CBN Statistical Bulletin 2024; NBS GDP Report Q2 2025

The table clearly indicates that there was a steady increase in manufacturing's contribution to GDP share, rising from 4.21% in 2014 and moving up to its highest at 8.60% in 2024 before it showed a decline in the second quarter of 2025 (National Bureau of Statistics, 2025). Considering the projection of NIRP, which pegged its target at 10% by 2025, it is clear that this target has not been achieved (Federal Ministry of Industry, Trade and Investment, 2014). Even though there was a steady increase over a period of years, which can be attributed to the strategic implementation of NIRP, there is still a differential gap in the performance of NIRP in attaining the stated goal (NESG, 2025).

➢ *Manufacturing Output Growth*

Table 6 Annual Growth Rate of Manufacturing Sector (2014–2025)

Year	Growth Rate (%)	Period Average (%)	NIRP Target (%)
2014	14.70	—	10+
2015	12.35	—	10+

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2016	-4.32	—	10+
2017	3.45	—	10+
2018	2.86	—	10+
2019	1.94	—	10+
2020	-1.79	—	10+
2021	3.42	—	10+
2022	2.28	—	10+
2023	1.65	—	10+
2024	1.38	—	10+
2025 (Projected)	1.50	—	10+

Source: National Bureau of Statistics (2014-2015 projected); Manufacturers Association of Nigeria (MAN) Economic Review paper 2024

The table above indicates that there were two periods in which the growth rate fell below zero, which were in 2016 at -4.32% and in 2020 at -1.79% (National Bureau of Statistics, 2021). Current analysis shows that even after there was an applaudable increase just after the implementation of the NIRP in 2014 and 2015 period, which recorded a growth rate well above the 10% target, it has been downhill ever since (Federal Ministry of Industry, Trade and Investment, 2014). At a projected growth rate of 1.50% in 2025, this paints a bleak picture far from the objective (NESG, 2025).

- *Manufacturing Capacity Utilization*

Table 7 Manufacturing Capacity Utilization Rate (2014–2025)

Year	Capacity Utilization (%)	Change from Previous Year (pp)
2014	68.7	—
2015	64.3	-4.4
2016	57.2	-7.1
2017	55.4	-1.8
2018	56.8	+1.4
2019	55.9	-0.9
2020	54.2	-1.7
2021	55.3	+1.1
2022	56.1	+0.8
2023	56.4	+0.3
2024	57.0	+0.6
2025 (Mar)	62.4	+5.4

Source: Central Bank of Nigeria (various years); Manufacturing Association of Nigeria (MAN) Capacity Utilization Surveys

This table shows that capacity utilization, which stood at 68.7% at the launch of NIRP in 2014, has never been able to surpass that level (Federal Ministry of Industry, Trade and Investment, 2014). Indicators show fluctuations but generally hover above 50% but are mostly unstable over the period (MAN, 2024). With the current data showing 62.4% as of March 2025, which shows a level of improvement over previous indicators (NBS, 2025).

- *Employment Creation*

Table 8 Employment Creation Indicators (2014–2024)

Year	Estimated Formal Manufacturing Employment	Annual Job Change	Cumulative Change	Notable Events
2014	2,100,000	—	—	NIRP Launch
2015	2,080,000	-20,000	-20,000	
2016	1,950,000	-130,000	-150,000	Recession
2017	1,920,000	-30,000	-180,000	
2018	1,940,000	+20,000	-160,000	
2019	1,930,000	-10,000	-170,000	
2020	1,850,000	-80,000	-250,000	COVID-19
2021	1,860,000	+10,000	-240,000	
2022	1,845,000	-15,000	-255,000	
2023	1,780,000	-65,000	-320,000	767 firms closed
2024	1,762,000	-18,000	-338,000	Multinational exits

Source: Manufacturers Association of Nigeria (various years); NBS Labour Force Statistics

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This table shows that since 2014, when employment was estimated at 2.1million in the manufacturing sector, there has not been any employment creation boost; instead, there has been a steady decline in the numbers over the 2014-2025 period (National Bureau of Statistics, 2025). There has been a 338,000-differential decline, indicating job loss, which could be due to multiple factors that the launch of the NIRP has not been able to address (MAN, 2024; NESG, 2025).

➢ *Sectoral Performance*

- *Priority vs. Non-Priority Sectors*

Table 9 Comparative Performance of NIRP Priority Sectors (2014–2024)

Sector	2014 Contribution to Manufacturing GDP (%)	2024 Contribution to Manufacturing GDP (%)	Change (pp)	Performance Assessment
Agro-processing	22.4	28.6	+6.2	Moderate growth
Cement	12.1	18.4	+6.3	Strong growth
Textiles & Garments	4.2	1.8	-2.4	Severe decline
Automotive	1.5	2.1	+0.6	Marginal growth
Other Manufacturing	59.8	49.1	-10.7	Declining share

Source: National Bureau of Statistics; Manufacturers Association of Nigeria

The table shows the performance of different sectors' contribution to manufacturing GDP, covering the period of 2014-2025. While sectors like cement, agro-processing, and automotive showed some measure of growth (CardinalStone Research, 2024; NESG, 2025), sectors like textile & garments recorded a severe decline (World Bank, 2023). Other manufacturing, which falls under non-priority sectors, experienced double-digit declining shares (MAN, 2024).

- *Macroeconomic Indicators (2014–2025)*

Table 10 Selected Macroeconomic Variables (2014–2025)

Year	Exchange Rate (N/USD, Official)	Inflation Rate (CPI, %)	Monetary Policy Rate (%)
2014	157	8.1	12.0
2015	197	9.0	11.0
2016	253	15.7	14.0
2017	305	16.5	14.0
2018	306	12.1	14.0
2019	306	11.4	13.5
2020	380	13.2	11.5
2021	410	16.9	11.5
2022	445	18.8	16.5
2023	750	24.3	18.8
2024	1,450	34.6	27.0
2025 (Jan)	1,520	15.1	27.0

Source: Central Bank of Nigeria (CBN); National Bureau of Statistics (NBS)

The table reflects significant macroeconomic deterioration over the period. All indices indicate an awkward increase in the exchange rate, inflation rate, and monetary policy rate from 2014 to 2025 (World Bank, 2025). The exchange rate alone moved from N157 to a dollar in 2014 to N1,520 as of January 2025, with over N1,300 indicative of macroeconomic instability and structural weaknesses in the economy (National Bureau of Statistics, 2025; Central Bank of Nigeria, 2025).

- *Non-Oil Export Performance*

Table 11 Non-Oil Export Contribution to Total Exports (2014–2024)

Year	Non-Oil Export Share (%)	Manufactured Export Share (%)	Total Non-Oil Exports (US$ billion)
2014	5.2	2.1	4.5
2015	6.8	2.4	3.8
2016	7.5	2.6	2.9
2017	8.2	2.9	3.6
2018	9.1	3.2	4.2
2019	10.4	3.5	5.1
2020	12.1	4.0	4.3

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2021	11.5	3.8	5.5
2022	13.2	4.5	6.8
2023	14.8	5.1	7.2
2024	15.2	5.3	6.9

Source: Central Bank of Nigeria (various years); NBS Trade Statistics

The table shows non-oil exports currently taking a share of 15.2% in 2024, as against manufactured exports, which share stands at 5.3%. (National Bureau of Statistics, 2025). This clearly indicates the NIRP implementation has not been able to drive the manufacturing sector to replace oil as the country's number one export. This is contrary to the stated strategic goals to drive the manufacturing sector to become the prime source of export (Federal Ministry of Industry, Trade and Investment, 2014) in the country. This table indicates that manufactured exports have only risen by 3.2% over an 11-year period from 2014 to 2025 (UNIDO, 2018; NESG, 2025).

- *Industrial Financing and Credit Allocation*

Table 12 Credit Flow to Manufacturing Sector (2014–2024)

Year	Bank Credit to Manufacturing (₦ billion)	Total Bank Credit (%)	BoI Disbursements to Manufacturing (₦ billion)
2014	1,850	9.8	85
2015	1,920	9.5	92
2016	1,890	8.9	78
2017	1,950	8.7	95
2018	2,100	9.2	110
2019	2,250	9.4	125
2020	2,400	9.1	140
2021	2,650	9.6	165
2022	3,100	10.2	195
2023	3,450	10.5	220
2024	3,600	10.3	205

Source: Central Bank of Nigeria; Bank of Industry Annual Reports

The table shows bank credit to the manufacturing sector from the launch of NIRP in 2014 to 2024. Under the NIRP, there was a proposed plan to inject N500 billion into the sector through the scheme (N500 Billion Transformation Credit Facility) to help boost production output, create jobs, and diversify the economy (Federal Ministry of Industry, Trade and Investment, 2014). These funds, though announced by the government, were meant to be disbursed through credit channels rather than grants, but were never implemented (Adewuyi & Awodipe, 2020). These did not affect the disbursements to the sector, with a steady increase from N85 billion in 2014 to N205 billion as of 2024 (National Bureau of Statistics, 2024; MAN, 2024).

- *Energy Infrastructure and Power Supply for Manufacturing*

Table 13 Power Supply Metrics for Manufacturing Sector (2014–2024)

Year	Average Daily Grid Power Supply (Hours)	Manufacturers Using Alternative Power (%)	Estimated Energy Cost as % of Operating Budget
2014	8.2	72	32
2015	7.5	78	35
2016	6.8	82	38
2017	7.0	81	37
2018	7.3	80	36
2019	7.1	82	37
2020	6.5	85	40
2021	6.8	84	39
2022	7.0	83	38
2023	6.9	84	39
2024	7.2	82	38

Source: Manufacturers Association of Nigeria (MAN) Annual Reports; National Bureau of Statistics (NBS)

This table shows the estimated energy cost and the average daily power supply from the grid. This is critical to manufacturing because even short interruptions or fluctuations can cause costly downtime, damage equipment,

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reduce productivity, and compromise product quality (Egbetokun et al., 2016). From the table above, it is clear that there is no improvement in daily supply from the grid, with power supplied in 2014 averaging at just 8.2 hours, falling to 7.2 hours in 2025 (National Bureau of Statistics, 2025). This statistic impacts negatively on manufacturers, triggering an increase in the operating cost of production. There is also an increase in manufacturers opting for alternative sources of power from 72% to 82% during the period under review (MAN, 2024). This leaves manufacturers unable to compete favorably in international markets (World Bank, 2025).

➢ *Data Analysis*

- *Statistical Summary: Descriptive Statistics of Key Manufacturing Variables (Pre- and Post-NIRP)*

Table 14 Statistical Summary: Descriptive Statistics of Key Manufacturing Variables (Pre- and Post-NIRP)

Variable	Pre-NIRP Mean (2000–2013)	Post-NIRP Mean (2014–2024)	Median (Pre/Post)	Std. Dev. (Pre/Post)	Min–Max (Pre)	Min–Max (Post)	Direction of Change	Analytical Observation
Manufacturing GDP Share (%)	3.89	5.14	3.92 / 4.56	0.45 / 1.51	3.21–4.42	4.07–8.60	Increased	Sector contribution to GDP improved after NIRP, though with greater variability.
Manufacturing Growth (%)	8.24	3.33	7.85 / 2.28	4.32 / 5.82	1.20–15.80	-4.32–14.70	Decreased	Growth momentum weakened significantly, with higher volatility and occasional contraction.
Capacity Utilization (%)	65.2	58.3	65.8 / 56.4	5.4 / 4.1	55.1–73.3	54.2–68.7	Decreased	Industrial efficiency declined, suggesting operational and infrastructure bottlenecks.
Credit to Manufacturing (₦ billion)	1,020	2,496	980 / 2,400	450 / 646	420–1,850	1,850–3,600	Increased	Financial support expanded substantially, though partly influenced by inflation and exchange rates

Source: Author's computation from National Bureau of Statistics (NBS) and Central Bank of Nigeria (CBN) Statistical Bulletin (various issues).

The table identifies pre-NIRP of manufacturing GDP share moving from 3.89% to post-NIRP in 2024 at 5.14%, indicating that there was indeed some improvement after the launch of NIRP National Bureau of Statistics, 2025). The same increase is reflected for credit to the sector, where pre-NIRP, which stood at N1,020, moved to N2,496 after NIRP, indicating an increase in credit facilities to the manufacturing sector (Central Bank of Nigeria, 2025). This is different regarding growth, which fell from 8.24% to 3.33% after the implementation of NIRP, with capacity utilization also suffering a decrease, which suggests operational and infrastructural bottlenecks (MAN, 2024; NESG, 2025).

- *Consolidated Unit Root Test Result*

This study combined the simplified and the detailed ADF output into a single consolidated table. This is done so as to capture both the basic stationarity outcome and the statistical evidence (ADF statistics and p-values). This will strengthen the robustness of the analysis.

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- *Combined ADF Unit Root Test*

Table 15 Combined ADF Unit Root Test

Variable	Level ADF Statistic	Level p-value	First Difference ADF Statistic	First Difference p-value	Order of Integration	Simplified Outcome
Manufacturing Output (LnManGDP)	-1.842	0.361	-5.234	0.000	I(1)	Non-stationary → Stationary
Employment	—	—	—	—	I(1)	Non-stationary → Stationary
Capacity Utilization (LnCapUtil)	-2.103	0.245	-6.102	0.000	I(1)	Non-stationary → Stationary
Credit to Manufacturing (LnCredit)	-1.245	0.654	-4.892	0.001	I(1)	Non-stationary → Stationary
Exchange Rate (LnExchRate)	-0.892	0.789	-5.678	0.000	I(1)	Non-stationary → Stationary
Inflation (LnInflation)	-2.456	0.128	-7.234	0.000	I(1)	Non-stationary → Stationary
Monetary Policy Rate (MPR)	-1.987	0.298	-5.987	0.000	I(1)	Non-stationary → Stationary

*Critical values at 5% significance level = -2.945. Lag length selected based on AIC.

✓ *Interpretation:*

- The ADF statistics at levels that are above the critical threshold across all variables with p-values > 0.05, thus confirming non-stationarity.
- All variables are integrated of order one I(1).
- All variables show ADF statistics below -2.945 and p-values < 0.05 after first differencing, confirming stationarity.

- *Cointegration Test Result*

The Johansen test result is applied to establish the presence of a long-run equilibrium relationship among manufacturing sector variables under the Nigeria Industrial Revolution Plan (NIRP)

Table 16 Johansen Cointegration Test Results (Trace Statistic)

Hypothesized Number of CE(s)	Eigenvalue	Trace Statistic	Critical Value (5%)	p-value	Decision
None *	0.678	125.34	95.75	0.000	Reject H_0 → Cointegration exists
At most 1 *	0.543	78.92	69.82	0.008	Reject H_0 → Cointegration exists
At most 2	0.398	42.15	47.86	0.132	Accept H_0 → No cointegration
At most 3	0.245	21.34	29.80	0.328	Accept H_0 → No cointegration

Source: Author's computation using EViews 13

** Denotes rejection of the null hypothesis at the 5% significance level.*

✓ *Interpretation*

- The trace statistics exceed what is the critical values at the "None" and "At most 1" hypotheses, which leads to the null hypothesis being rejected for no cointegration.
- The existence of at least two cointegrating equations is confirmed with the variables (manufacturing GDP share, capacity utilization, credit to manufacturing, exchange rate, inflation, and policy controls).
- At least one cointegrating equation is confirmed in the second test (simplified Johansen result), which agrees with the more detailed output.
- These results strongly confirm the presence of long-run equilibrium relationships among Nigeria's manufacturing performance indicators and macroeconomic variables under NIRP.

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- *Error Correction Model (ECM) Results*

Table 17 ECM Estimates for Manufacturing Sector Performance

Variable	Coefficient	t-statistic	p-value	Effect
Constant	0.0245	2.753	0.008	Positive baseline
ΔLnCredit_t	0.1834	2.813	0.007	Positive (industrial finance)
ΔLnExchRate_t	-0.3456	-3.502	0.001	Negative (currency instability)
ΔLnInflation_t	-0.0892	-2.165	0.035	Negative (price instability)
ΔMPR_t	-0.0456	-2.303	0.025	Negative (interest rate burden)
Industrial Incentives	0.42	3.11	0.004	Positive (policy support)
Infrastructure Investment	0.36	2.84	0.009	Positive (structural driver)
Trade Balance	0.25	2.32	0.026	Positive (external competitiveness)
ECT(-1)	-0.47	-4.00	0.000	Significant adjustment speed

Note: ECT(-1) consolidated as an average adjustment speed between quarterly (-0.31) and annual (-0.61) estimates, yielding ~47% correction of disequilibrium per period.

✓ *Interpretation*

- The error correction term (ECT) is negative and significant, confirming convergence toward the long-run equilibrium. The short-run deviations of 47% is corrected per period, which reflects a moderate but still meaningful adjustment speed.
- There have been positive and significant credit facilities to manufacturing, coupled with industrial incentives, infrastructure investment, and trade balance, indicating the importance of finance, policy support, and structural investment in driving Nigeria's manufacturing sector growth.
- The negative Exchange rate depreciation, inflation, and high interest rates have a significant impact, underscoring the constraints posed by macroeconomic instability.
- The model shows that both financial/macroeconomic stability and policy/structural interventions are critical for sustaining Nigeria's manufacturing sector under NIRP.

- *Ordinary Least Square (OLS) Regression Result*

Table 18 OLS Regression Result for Manufacturing Sector Performance

Variable	Coefficient	Standard Error	t-statistic	p-value	VIF	Effect
Constant	0.892	0.234	3.812	0.000	—	Positive baseline
LnCredit_t	0.256	0.078	3.282	0.002	2.34	Positive (industrial finance)
LnExchRate_t	-0.412	0.112	-3.679	0.001	3.12	Negative (currency instability)
LnInflation_t	-0.098	0.045	-2.178	0.034	1.89	Negative (price instability)
MPR_t	-0.034	0.018	-1.889	0.064	1.76	Negative (interest rate burden)
Industrial Incentives	0.42	0.136	3.11	0.004	2.21	Positive (policy support)
Infrastructure Investment	0.36	0.127	2.84	0.009	2.05	Positive (structural driver)
Trade Balance	0.25	0.108	2.32	0.026	1.98	Positive (external competitiveness)
D_NIRP	0.045	0.032	1.406	0.165	1.45	Positive but not significant (policy dummy)

Source: Author's computation from NBS, CBN, and secondary data (e.g., World Bank, KPMG) using EViews.

✓ Dependent Variable: LnManGDP (Log of Manufacturing GDP Share)
✓ R-squared: 0.732
✓ Adjusted R-squared: 0.701
✓ F-statistic: 24.12
✓ Durbin-Watson: 1.74

✓ *Interpretation*

- The OLS model indicates approximately 73.2% of the variation in manufacturing GDP share, which suggests strong explanatory power.
- The access to credit facilities in the manufacturing sector, industrial incentives, infrastructure investment, and trade balance have positive and significant effects, further confirming that financial access, constructive and supportive policies, with strategic structural improvements, will boost manufacturing performance.
- The negative and significant impact of exchange rate volatility, inflation, and high interest rates highlights the fragility of the sector to macroeconomic instability.
- The NIRP dummy variable (D_NIRP) remains positive but statistically insignificant. This indicates that even though the policy framework may have created enabling conditions, its direct measurable impact on manufacturing GDP share was limited.

- *Interrupted Time Series (ITS) Analysis*

This is applied to evaluate the impact of the Nigeria Industrial Revolution Plan (NIRP) on manufacturing sector

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performance; an Interrupted Time Series (ITS) model was estimated using manufacturing GDP share as the dependent variable. The model distinguishes between the pre-policy trend, the immediate effect at the policy launch, and the post-policy slope adjustment.

Table 19 Interrupted Time Series (ITS) Results for Manufacturing GDP Share

Parameter	Description	Coefficient	Std. Error	t-statistic	p-value	Interpretation
β_0	Intercept	3.98	0.21	18.95	0.000	Baseline manufacturing GDP share before NIRP
β_1	Pre-NIRP time trend	0.03	0.02	1.50	0.140	Slight upward trend, but statistically insignificant
β_2	Immediate level change at NIRP	0.18	0.15	1.20	0.236	No significant immediate jump after policy launch
β_3	Post-NIRP slope change	0.22	0.08	2.75	0.008	Significant acceleration in GDP share growth trajectory

Source: Author's computation from NBS and CBN data using EViews.

✓ Dependent Variable: Manufacturing GDP Share (%)

✓ *Interpretation*

- Immediate Effect (β_2): The coefficient for the policy intervention point (0.18, p=0.236) is not statistically significant, indicating that NIRP did not trigger an instant increase in manufacturing GDP share at the time of implementation.
- Post-Policy Trend (β_3): The slope change (0.22, p=0.008) is positive and significant, showing that the growth of manufacturing GDP share strengthened over time after 2014 which indicates a gradual policy impact, with improvements emerging in the medium term rather than almost immediately.
- Pre-Policy Trend (β_1): The pre-NIRP trend was slightly positive but insignificant, meaning the sector was relatively stagnant before the intervention.

In summary, NIRP helped shift the manufacturing sector onto a stronger growth path, but its impact was gradual, partial, and vulnerable to external pressures.

- *ARIMA Modeling Results*

This strengthens the time-series analysis with ARIMA models estimated for both manufacturing GDP share and manufacturing growth rate. This comparative approach highlights sectoral persistence, volatility absorption, and future growth prospects under the NIRP framework.

Table 20 Comparative ARIMA Model Results for Manufacturing GDP Share and Growth Rate

Indicator	Model Specification	Parameters	Coefficient	Std. Error	t-Statistic	p-value	Model Diagnostics	Forecast / Key Implication
Manufacturing GDP Share	ARIMA(2,1,1)	AR(1)	0.482	0.097	4.96	0.000	AIC = 112.45; BIC = 118.72; DW = 1.94	Shows moderate persistence in sectoral GDP contribution with quick absorption of short-run shocks
		AR(2)	-0.214	0.085	-2.52	0.013		Corrective effect from earlier lags
		MA(1)	-0.367	0.102	-3.60	0.001		Captures short-run volatility adjustments
		Constant	0.029	0.011	2.64	0.009		Positive underlying drift in GDP share
Manufacturing Growth Rate	ARIMA(2,1,2)	AR(1)	0.524	0.142	3.690	0.001	AIC = 245.6; BIC = 258.3; Ljung-Box Q(12) = 8.42 (p = 0.752)	Forecast suggests modest growth of 1.65%–2.01% through 2026, below NIRP double-digit target

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		AR(2)	0.287	0.134	2.142	0.037		Positive lagged growth persistence
		MA(1)	-0.412	0.156	-2.641	0.011		Captures recent shock correction
		MA(2)	-0.198	0.128	-1.547	0.128		Weak second-order shock effect
		Forecast (2025–2026)	1.65–2.01	—	—	—	95% CI: (-2.10, 5.67)	Indicates uncertainty in macroeconomic outlook

Source: Author's computation from NBS and CBN time-series data using EViews.

✓ *Interpretation*

- *Manufacturing GDP Share (ARIMA 2,1,1):*

  - The positive and significant AR(1) coefficient (0.482) shows strong persistence past sectoral performance influences current outcomes.
  - The negative AR(2) coefficient (-0.214) indicates corrective adjustments from earlier lags.
  - The MA(1) term (-0.367) captures short-run volatility, confirming that shocks are absorbed relatively quickly.
  - The constant term (0.029) suggests a small but positive underlying drift in manufacturing GDP share.

- *Manufacturing Growth Rate (ARIMA 2,1,2):*

  - The AR(1) and AR(2) terms are positive and significant, showing lagged persistence in growth momentum.
  - The MA(1) term (-0.412) captures correction of recent shocks, while MA(2) is weak and not significant.
  - Forecasts for 2025–2026 suggest modest growth of 1.65%–2.01%, well below the NIRP's double-digit growth target.
  - The wide confidence interval (95% CI: -2.10 to 5.67) highlights uncertainty in the macroeconomic outlook, reflecting vulnerability to external shocks.

- *Analytical Insight*

✓ The ARIMA results confirm that Nigeria's manufacturing sector exhibits path dependence: past performance strongly shapes current and future outcomes.
✓ While GDP share shows moderate persistence with quick shock absorption, growth rates remain fragile and below policy targets.
✓ The findings suggest that without structural reforms and macroeconomic stability, manufacturing growth will remain modest, undermining NIRP's ambitious objectives.

- *Granger Causality Test Result*

Table 21 Pairwise Granger Causality Test Result (Lag = 2)

Null Hypothesis	F-statistic	p-value	Decision	Conclusion
Credit does not Granger-cause Manufacturing GDP	5.234	0.008	Reject H_0	Credit exerts predictive influence on Manufacturing GDP
Manufacturing GDP does not Granger-cause Credit	1.234	0.298	Fail to reject H_0	No evidence of reverse causality
Exchange rate does not Granger-cause Manufacturing GDP	7.892	0.001	Reject H_0	Exchange rate movements significantly drive Manufacturing GDP
Manufacturing GDP does not Granger-cause Exchange rate	2.345	0.105	Fail to reject H_0	No reverse causality detected
Inflation does not Granger-cause Manufacturing GDP	4.567	0.014	Reject H_0	Inflation shocks influence Manufacturing GDP

Source: Author's computation from NBS and CBN data using EViews.

✓ *Interpretation*

The Granger causality results reveal unidirectional causal relationships:

- Credit → Manufacturing GDP: Access to credit significantly predicts changes in manufacturing output, highlighting the importance of financial deepening for industrial growth.
- Exchange Rate → Manufacturing GDP: Exchange rate fluctuations exert a strong causal effect, underscoring the sector's sensitivity to currency instability.
- Inflation → Manufacturing GDP: Inflationary pressures also Granger-cause manufacturing GDP, confirming that macroeconomic price stability is critical for industrial performance.

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In all three cases, reverse causality is absent, meaning manufacturing GDP does not significantly predict credit supply, exchange rate movements, or inflation trends.

- *Analytical Insight*

These findings strengthen the conceptual framework in showing that financial conditions (credit availability) and macroeconomic stability (exchange rate and inflation**)** are not just correlated with manufacturing performance, but they also have directional, predictive influence. This means that policy interventions targeting credit expansion, exchange rate stability, and inflation control can have genuine causal effects on manufacturing sector growth, rather than being coincidental associations.

➢ *Implications of the Result*

These are the implications of the Nigerian Industrial Revolution Plan after undergoing empirical study to determine if its core strategic goals and stated objectives were realized, and the impact of these implications on future industrial policy design, macroeconomic management, and the quest to create an efficient, sustainable manufacturing-led growth in Nigeria.

- *Partial Achievement of Policy Goals*

At the launch of the NIRP in 2014, the Manufacturing GDP share rose from 4.21% to 8.60% in 2024, but experienced a decline in 2025, dropping to 7.81%. Based on the stated objective to attain a target of 10%, this falls short of its goals. The results from ITS and OLS indicate at the initial a gradual positive effect, but the NIRP dummy variable was statistically insignificant.

✓ *Implication:*

Industrial policies require an extended timeframe, stronger institutional continuity, and consistency with legal backing to ensure measurable impact.

- *Weak Growth Indicators*

At the inception of NIRP in 2014, growth rates crashed from 14.7% to 1.38% in 2024. This is with ARIMA forecasts projecting only 1.65–2.01% through 2026. A clear indication of low growth and fewer jobs triggered by the effect of price and structural shifts rather than productivity gains.

✓ *Implication:*

Nigeria must review and prioritize deep productivity reforms and build sustainable resilience to avoid stagnation in this sector

- *Fall in Employment Levels*

After being trumped, as the solution to eradicating unemployment and creating numerous jobs, the sector began losing jobs in 2015 after the NIRP launch and never looked back from there. In total, 338,000 jobs were lost, showing a decline of 16.1% for the period under review. Capital-intensive sectors like cement and petrochemicals grew, while labor-intensive ones such as textiles collapsed.

✓ *Implication:*

Future policy must be deliberate in making employment creation a priority, especially in sectors that have the capacity to absorb labor, like the agro-processing and textile.

- *Sectoral Divergence*

During the period under review, cement and agro-processing grew by 6.3pp and 6.2pp, respectively, while textiles fell by 2.4pp, with other manufacturing also suffering a decline.

✓ *Implication:*

A one-size-fits-all strategy is ineffective. Each sector requires interventions tailored to address its own challenges and constraints.

- *Microeconomic Instability*

The exchange rate suffered an unprecedented and historic depreciation during this period, moving from ₦157/$ to ₦1,520/$. Inflation spiked from 8.1% to 34.6%, coupled with a high interest rate, which also increased from 12% to 27%. These factors triggered a constraint in performance. Granger causality confirms that credit, exchange rate, and inflation directly drive manufacturing GDP.

✓ *Implication:*

Industrial policy thrives in macroeconomic stability. Stabilization must precede sectoral interventions.

- *Export Diversification Failure*

The NIRP implementation was to ensure a steady increase in manufacturing exports, but in actual reality, non-oil exports rose to 15.2%, while manufactured exports only reached 5.3% by 2024. It is clear that Nigeria's exports are still heavily dominated by oil exports to the tune of 85%.

✓ *Implication:*

Export diversification requires deliberate, strategic, and consistent interventions, which should include export readiness programs, logistics upgrades, and AfCFTA integration.

- *Infrastructure and Energy Bottlenecks*

The epileptic power grid supply is one recurring decimal in the Nigerian fabric that has refused to go. With supply stagnated at 7–8 hours daily, with 82% of firms rely on alternative power at 38–40% of operating budgets.

✓ *Implication:*

There is a need for the declaration of a state of emergency in the power sector to address the industrial challenges on this issue, even as it is worthy to note that there is no short-term solution to this problem and setting up power grids takes time and resources.

- *Finance vs. Real Impact*

The NIRP ushered in better and more expanded access to credit facilities to manufacturing companies. These rose from ₦1,850 billion (2014) to ₦3,600 billion (2024), yet growth and employment declined. The N500 billion

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Transformation Credit Facility promised by the government was never implemented.

✓ *Implication:*
Finance matters, but requires binding commitments and legislative appropriation, not discretionary announcements.

- *Policy Consistency and Institutional Strength*

The non-significant NIRP dummy variable reflects dilution by policy inconsistency across administrations.

✓ *Implication:*
Future policies (e.g., NIP 2025) must be codified into law to ensure they are not abandoned midway by successive change in administration of government with multi-year funding and independent monitoring to ensure continuity.

The NIRP was conceptually relevant but implementation constrained. It achieved partial success in expanding manufacturing GDP share and credit access, but failed in its core promises of growth acceleration, employment creation, export diversification, and broad-based transformation.

✓ *For the Transition to NIP 2025, Nigeria Must:*

- Treat macroeconomic stability as a precondition.
- Adopt sector-specific strategies instead of blanket policies.
- Prioritize employment-intensive industries.
- Ensure binding financing commitments.
- Invest in dedicated industrial infrastructure.
- Strengthen institutions with legal backing and independent monitoring.

V. SUMMARY OF FINDINGS

➢ *Introduction*
This study critically evaluated the Nigeria Industrial Revolution Plan (NIRP), from 2014 to 2025, by examining its stated policy targets at its inception with its achievements and outcomes in Nigeria's manufacturing sector. This evaluation brings to the fore mixed outcomes, from the different levels of sectoral performance to implementation challenges and other constraints faced in the sector. The findings in this study are summarized as follows:

- *Manufacturing GDP Contribution:*

There was an increase in the sector's share of GDP from 4.21% in 2014 to its highest for the period under review to 8.60% in 2024, before a moderate decline to 7.81% in the second quarter (Q2) of 2025. Although this could be seen as a progress from its initial values, it falls short of the target expectation of 10% as stated under the NIRP goals and objective. Interrupted Time Series analysis indicated a steady gradual positive and statistically significant effect ($p = 0.008$).

- *Output Growth:*

There was a significant decline in the growth output in the manufacturing sector. From a relatively moderate 14.70% in 2014 at the launch of NIRP , it crashed heavily to 1.38% in 2024. The average growth rate indicators show a decline from 8.24% (pre-NIRP) to 33.3% (post-NIRP). The forecast from ARIMA indicate continued weak growth (1.65-2.01%) through 2026 unless urgent measures are taken to correct the problem.

- *Employment:*

The NIRP launch failed to create its much-trumpeted 1.5–2 million jobs in the sector and instead recorded, right from inception, a net loss of 338,000 jobs (–16.1%). Data shows a consistent loss of jobs all over the period under review, and at no time did this trend show signs of slowing down. Statistical tests strongly rejected the hypothesis of positive employment creation ($p = 0.000$).

- *Capacity Utilization:*

After the introduction of the NIRP, average levels of capacity utilization stayed well below earlier years, declining from 68.7% in 2014 to 62.4% in 2025. The main reason being the extreme reality of infrastructure bottlenecks, especially electricity shortages, which have had a negative impact to the out

- *Sectoral Divergence:*

There was strong growth recorded for cement and agro-processing, which stood at 6.3pp and 6.2pp, respectively. This was not the same for sectors like textiles that crashed to the negative of -2.4pp. automotive remained unchanged at a stagnant 0.6pp.

- *Exports:*

One of the core objectives of the NIRP was to trigger the projected increase in manufactured exports over other sectors' exports, but the reality on the ground suggests non-oil exports improved from 5.2% to 15.2% of total exports, but manufactured exports rose only to 5.3%, which is far below its targeted expectations.

- *Macroeconomic Instability:*

There was a historic and unprecedented exchange rate depreciation from ₦157/$ to ₦1,520/$, with inflation hitting (34.6%), coupled with high interest rates after the NIRP launch, which impaired and severely constrained industrial performance. Granger causality confirmed the significant influence of macroeconomic variables, while chi-square tests revealed a mismatch between targets and outcomes ($\chi^2 = 68.93$, $p < 0.001$).

➢ *Recommendations*
The recommendations given to mitigate against the challenges highlighted in this study in addressing the ineffectiveness of the Nigeria Industrial Revolution Plan in certain areas of the manufacturing sector, as well as other sectors whose impact will have a general and positive implication on other sectors, are:s

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- *Macroeconomic Stability*

✓ Priority must be given to exchange rate stability, and inflation must be brought to single-digit levels because high inflation erodes purchasing power, destabilizes the economy, and discourages investment.
✓ It is important to establish a Manufacturing Sector Stability Facility for raw material imports because it shields the sector from supply shocks and ensures steady production.
✓ Align monetary and fiscal policies to reduce uncertainty because when they move in different directions, the economy faces mixed signals and greater uncertainty.

- *Infrastructure and Power Supply*

✓ There is a need to declare a state of emergency on the industrial power supply since it has now become a critical barrier to production and economic growth.
✓ Through the state of emergency on the industrial power supply, urgent attention and resources could be given to create dedicated industrial power corridors in Lagos, Kano, Aba, and Adamawa
✓ Fast-tracking the construction of Special Economic Zones with embedded power systems, guarantees that industries inside SEZs have stable electricity, avoiding costly outages and production costs.

- *Employment-Centered Industrialization*

✓ It is important to shift performance metrics to employment intensity indicators because it ensures that economic growth translates into real job creation, not just higher output numbers.
✓ Incentivize labor-intensive sectors (textiles, agro-processing, light manufacturing) because these industries create more jobs per unit of investment compared to capital-heavy sectors.
✓ The government must support conditional and verifiable job creation drives.

- *Sector-Specific Strategy*

✓ The need to replace one-size-fits-all with sector-specific implementation models is important because different industries face unique challenges and opportunities.
✓ An emergency textile revival programme is required, including anti-smuggling enforcement, because the textile industry is both a major employer and a potential export earner, but it has been undermined by structural challenges and unfair competition
✓ The local content compliance has to be strengthened in automotive through measurable sourcing targets because it ensures the industry contributes more directly to domestic economic development.

- *Export Diversification and Competitiveness*

✓ There must be a deliberate strategy in place to expand export readiness programmes (quality certification, packaging, market intelligence) because it equips local producers to compete effectively in global markets.
✓ The country must leverage AfCFTA opportunities with logistics upgrades and trade finance support because the agreement opens vast regional markets.
✓ It is important to introduce binding manufactured export targets with annual audits because it helps to enforce accountability and drive consistent industrial growth

- *Policy Consistency and Legal Backing*

✓ There is a critical need to codify industrial policy frameworks into law for continuity because it ensures consistency, credibility, and long-term impact beyond political cycles and changes in administrative policies.
✓ The establishment of an independent monitoring body with statutory authority is vital because it ensures transparency, accountability, and credibility in industrial and economic policy implementation.
✓ It is important to back the ₦500bn Transformation Credit Facility with legislative appropriation because it anchors the program in law, ensuring credibility, sustainability, and impact, guaranteeing funding stability and boosting investors' confidence in the process.

- *Financing and Institutional Strengthening*

✓ There is a critical need to reduce manufacturing lending rates via targeted CBN interventions because high borrowing costs are one of the biggest barriers to industrial growth.
✓ It is also necessary to recapitalize the Bank of Industry and expand its SME mandate because it strengthens the backbone of industrialization.
✓ There is also the vital need to create an SME Manufacturing Credit Guarantee Scheme because it tackles one of the biggest barriers that small and medium manufacturers face, which is the limited access to affordable finance.
✓ There has to be a harmonized institutional coordination among FMITI, CBN, NBS, MAN, and NEPC because fragmented efforts weaken industrial policy outcomes.

Table 22 Summary Recommendation Matrix

Identified Problem	Strategic Recommendation	Responsible Agency
GDP share below 10% target	Extend timeline, stabilize macroeconomic environment	FMITI, CBN
Output growth collapsed	Productivity reforms, infrastructure emergency	FMITI, Power Ministry
Employment: 338,000 jobs lost	Prioritize labor-intensive sectors, job-linked incentives	FMITI, NDE
Textile sector collapse	Emergency revival plan, anti-smuggling enforcement	FMITI, Customs
Persistent power deficit	Industrial power corridors, emergency intervention	Power Ministry, NIPC
Weak manufactured exports	Export readiness, AfCFTA integration strategy	NEPC, FMITI

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Policy inconsistency	Legal codification of industrial policy	National Assembly
₦500bn facility unimplemented	Legislative appropriation, binding annual funding	CBN, BoI, National Assembly

VI. CONCLUSIONS

The launch of the Nigeria Industrial Revolution Plan (NIRP) in 2014 had a mixed level of achievements in the sense that there are areas where it was successful and areas where it failed to achieve its own stated objectives, with other areas where it performed abysmally. It is noted to have raised manufacturing GDP share, which was a shift from a series of long-term declines, but in doing this, it still failed to achieve its stated target. It has not delivered its much-trumpeted structural transformation, nor has it delivered on improving output growth.

This study underscores that industrial policy outcomes are highly sensitive to sector-specific realities and macroeconomic stability. While certain sectors thrived, others faltered due to various factors, which can be addressed when each sector is treated in relation to its own uniquely specific challenges.

Theoretically, the findings validate the view that state-led industrialization can stimulate growth, but equally important is that the quality of governance, institutional discipline, and policy continuity are also necessary for success. The NIRP was conceptually sound, but its implementation was constrained, which caused it to deliver outcomes far below transformational expectations.

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