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LEGAL AND REGULATORY CHALLENGES IN MOVING NIGERIA FROM A CONSUMPTION ECONOMY TO A PRODUCTION ECONOMY

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ABSTRACT

This study aims to analyze and evaluate the legal and regulatory obstacles that hinder Nigeria's progress towards becoming a production-driven economy. The researcher employed the doctrinal research method, analytical and descriptive approach in analyzing the primary and secondary data, particularly statutes, journal and online materials. It was found that while Nigeria has abundant human and natural resources, certain legal and regulatory framework pose significant challenge to the industrialization plan. First, the frequent amendment of the nation's tax laws through the Finance Act, although commendable to capture evolving economic, social and political situations creates unpredictability for medium and long-term Foreign Direct Investments (FDI). Also, companies in Nigeria are overburdened with multiple taxes which if not managed will eventually clampdown on infant industries. Again, corruption in the private and public sectors is prevalent. Anti-graft agencies should be strengthened by removing the powers of appointing and removing staff of the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices Commission (ICPC) from the President. Nonetheless, the nation's laws are internationally competitive in ensuring ease of business activities, especially with the amendment of the Banking and Other Financial Institutions Act (BOFIA), and Companies and Allied Matters Act (CAMA) in 2020. Others include the Copyright Act, 2022 and the signing into law of the Business Facilitation Act, 2023. In addition to other highlighted statutes, this paper identified inadequacies in these laws that may impact business activities. Overall, this study is relevant to lawyers, judges, lawmakers, researchers and policymakers. It fills the gap in legal literature in Nigeria's industrialization initiative.

Keywords: Economic transition, Production economy, Consumption economy, Legal challenges, Regulatory challenges

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INTRODUCTION

Law may be defined as a rule or system of rules recognized by a country as regulating the action of its members and enforced by imposition of penalties while Regulation can be describe as a rule or directive made and maintained by an authority. Laws and regulations are important components of economic growth and development in every society. These are critical areas of the economy that are necessary for expansion in production activities, transportation, and distribution of goods and services. Nigeria has grappled with economic-downturns since the 1980s almost a decade after the end of the civil war due to over-dependence on oil revenue (Olabisi, 2021). This monotony has unsurprisingly hindered the country's progress in significant sectors; reflecting in the consistent and continuous naira devaluation and fluctuation in the foreign exchange market, inflation, corruption, underdevelopment, poor standard of living and reduction in the purchasing power of citizens (Atakpa and Udom, 2021). Toward the 2023 general elections, Mr Peter Obi, the Labour Party Presidential aspirant unveiled his plan of moving the nation from a consumption economy to a production economy. A systematic increase in production for local consumption, exportation and lower importation figure to increase foreign exchange earnings, improve employment rate and achieve balance of payment. Before Obi disclosed his plans, Nigeria has over the years relied on protectionist methods to safeguard local industries and strengthen the economy. Successive governments since 1980 during the administration of President Shehu Shagari have adopted the approach. This method has often been criticized by scholars including the world bank, who argue that the policy of banning the importation of goods and services negate the country's international obligations under the World Trade Organization (WTO) and General Agreement on Tariff and Trade (GATT) (Thisday, 2023). Regrettably, the ban on the importation of classified goods and services has not reflected positively on the economy. Invariably, it has reduced FDI as a result of the country's reputation for non-compliance with international obligations. The policy is further critiqued for restricting access to raw materials for local industries and encouraged smuggling of imported goods, precisely through the porous Benin and Nigeria borders (Thisday, 2023). The consequence of this policy has been attributed to the increase in the cost of local production as well as the prices of goods and services (LSE, 2015). As the government continues to make economic expansion moves in the face of gloomy economic hardships, this study is focused on examining the role of law and regulations in ensuring that there is a swift and seamless transition from consumption/importation to production/exportation in Nigeria. It further examines the viability of the proposed plan of Mr. Peter Obi from the legal standpoint.

2.0 THE STATE OF THE NIGERIAN ECONOMY SINCE 1980

The factors of production are at the heart of the economy. The chain of the production process from the manufacturers to the final consumers is indispensable in considering the state of the economic growth and development of a country. Nigeria, prior to amalgamation in 1914 had a long history of reliance on agriculture. Almost every household depended on farming and agricultural means for survival and derivation of income. This continued until 1967 when the civil war broke out. The discovery of oil at the oil-rich Oilibiri, Bayelsa State in 1956 led to almost an irreversible shift in the focus of the citizens and the government from agriculture. The government competed internationally as a shareholder in the world's oil market in oil export for revenue, trade-balance, and foreign exchange earnings. There has been a significant drop in agricultural earnings far below oil revenue since then which has impacted the economy - and even local industries. First, the decline in agricultural activities decreased access to cheaper raw materials for local production thereby shifting the focus of manufacturers to foreign economies. Another negative impact was the high rate of importation, which are caused by high tariff, excise and importation duties, clearing and transportation costs. This also led to the high cost of imported goods and raw materials. As a protectionist measure, Nigeria in 1980 banned the importation of classified goods and services during the administration of President Shehu Shagari. Also, the government unprecedentedly introduced the Nigerian Enterprises Promotion Decree (NEPD) in February 1972 to take effect from April, 1974 (IBID). The Decree as amended in 1977 aimed to increase the indigenous ownership of businesses and shift the participation of foreigners in the economy to technical areas and increase access to funding for Nigerian business men. The global economic recession of 1981-1985 prompted the government to consider a change in plan and reopen access for Foreign Direct Investment. Apart from the legal changes, there was a cut in public expenditure by over 40%. There was also increase in import duties, excise duties, interest rates, and prices of petroleum products. The economic downturn also impacted the agricultural sector where the overvalued naira currency affected the production of cocoa, palm oil, cotton and manufacturing industries that focused on textile which required foreign raw materials for production. There was a total decline of manufacturing by 26% between 1982 – 1983 (Abubakar and Arabu, 2023). Nigerian has since then grappled with different dimensions of economic hardship and underdevelopment. The government in a bid to industrialize the economy and achieve optimum local production for consumption and export has launched many economic revolution programs. Some of these programs include:

1. The National Science and Technology Policy, 1986
2. The Structural Adjustment Program, 1986
3. The National Economic Reconstruction Fund (NERFUND), 1990
4. National Economic Empowerment and Development Strategy (NEEDS), 2004
5. Nigeria Vision 2020 (NV20:2020), 2009
6. Nigeria Industrial Revolution Plan (NIRP), 2014

None of these policies has succeeded in achieving the desired goal and Nigeria's economy has continued to rely on oil as the major source of foreign exchange earning. However, the government recently initiated tax laws and policies to expand the tax net to cover a wide range of areas including taxing the purchase of airtime, texts calls, digital currencies and lots of others. The Finance Act, 2019 increased the Value Added Tax (VAT) from 5% to 7.5%. In 2023, the Finance Act enlarged the Tertiary Education Tax from 2.5% to 3%.

The Central Bank of Nigeria (CBN) in 2015 banned 41 foreign products from accessing the foreign exchange market in order to resuscitate local manufacturing according to the CBN Governor. This policy caused a sharp decline in the value of the naira 20% when the policy was introduced. Again in 2019, the President of Nigeria, Muhammadu Buhari directed the CBN to restrict access to foreign exchange for rice importation in order to boost rice production. While the policy may be adjudged to be successful and increased local production to a great extent, it resulted to the smuggling of foreign rice into the country and increased significantly cost of the product - both foreign and local rice. These were not the first attempt by successive government to ban the importation of classified products as import substitution-industrialization measure. At the first, the Economic Stabilization (Temporary Provisions) Act of 1982 was enacted to curtail importation in the face of the economic crises of 1980s. The Buhari military administration in 1985 consolidated on past policies and introduced import-licensing - including border closure. The licensing and imposition of levy policies were dismantled by the Ibrahim Babangida regime, although the government kept raising tariff rate even up to 100% at some point. During the time of Sanni Abacha, "guided deregulation" was introduced in 1995 in response to the agitation of foreign investors, although the policies changed gradually as the regime became more dictatorial. From 1999 till date (2023), the protectionist policy of governments in banning the importation of some products has not changed. It has been practiced by three past democratically elected presidents of Nigeria – Olusegun Obasanjo, Umaru Yar'Adua and Goodluck Jonathan (Chete,2016). In 2004, the government of Obasanjo increased import duties by 70% and banned the rice importation from Benin Republic. The NRP plan of President Goodluck Jonathan was intended to increase local manufacturing for export and local use. Moreover, the WTO Committee on Balance of Payments Restrictions in 1996 resolved that Nigeria's import prohibition violate the 1994 GATT balance-of-payment rules. The ban on maize, vegetable oils, barytes and bentonites was equally decided as contrary to the WTO rules in February 1998.

It has been empirically and statistically observed that the age-long protectionist position of Nigeria in the international scene has done little or nothing to safeguard the nation's economy. Rather, it has undesirably caused severe consequences. Among the consequences cited are: increase in the prices of smuggled products, disruption of foreign raw materials-dependent local industries, and reduction in government revenue from tariff. Reflecting on the failed economic redemption attempts of different governments, both military and civilian regimes, there appears to be a need to reconsider import prohibition as a means of protecting local industries and promoting industrialization in Nigeria. During the 2023 presidential election, the Labour Party aspirant appeared to have a solution. Mr Peter Obi emphasized his plans to move Nigeria from a consumption to production economy. Analytically, the proposition is predicated on the fact that Nigeria is endowed with human and natural resources necessary for production, while the removal of corruption, wastage and bureaucratic bottleneck from the public sector will increase participation in the private sector, innovation, higher productivity, job creation and economic growth (Nkechi, 2022).

However, it is imperative to examine the legal and regulatory challenges that impede a smooth transition of this plan. All most all sectors are critical for economic growth and expansion. But some areas such as banking and investment, transportation, agriculture, information and communications technology (ICT) and technology, security, education, and manufacturing are undoubtedly more important. To begin with, the constitution is the ultimate law in considering the legal and regulatory framework for the economy. Section 14(2)(b) and 16 of the Constitution of the Federal Republic of Nigeria (CFRN), 1999 require the government to ensure the security and welfare of the people, and harness the resources of the nation to promote a self-reliant economy. However, section 6(6)(c) 1999 CFRN has rendered the provision non-justiciable, and in effect, created an ouster clause to the jurisdiction of the court to hear any matter bordering on this salient provision. Economic expansion and industrialization equally touch every level of government, thus, the need to ensure the participation of every level of government, although there are restrictions in critical sectors. But to enhance the engagement and economic participation of every part of the country, section 153(1)(h) 1999 CFRN established the National Economic Council (NEC) to "advise the President concerning the Economic Affairs of the Federation, and in particular on measures necessary for the co-ordination of the economic planning efforts or economic programmes of the various Governments of the Federation."(BBC news), The Council is composed of the Vice President as the Chairman, and all State Governors including the Governor of the Central Bank of Nigeria (CBN). At the centre of the Nigeria industrialization plan is the Companies and Allied Matters Act (2020) which replaced the earlier CAMA,

1990. The Act introduced some provisions to enhance the ease of doing business and ensure a robust environment for enterprises of different sizes. For instance, a single person can now form and be the sole shareholder of a company, unlike the previous legal position that a company must comprise of at least 2 shareholders. The provision for virtual application for the registration of companies is as well a welcome development since it has the potential to guarantee speed and efficiency in setting up a business entity. To guarantee speed in decision making, section 240(2) of CAMA gives private companies the choice holding of its general meeting virtually. With the signing into law of the Business Facilitation Act (BFA), 2023 public companies are permitted to hold general meetings virtually in accordance with the Article of Association. Despite the legal chances and improvement in the nation's business environment, the Act has regrettably created new problems. The Act gave wide discretion to the Corporate Affairs Commission (CAC) especially in the imposition of fines in the event of default for legal obligations and duties. Every individual, firm or corporation registered under this Act is mandated to display its original certificate at the principal place of business and the duplicate in other business locations at a conspicuous place. If an individual, firm or company makes default in complying they may be liable to a penalty for every day during which the default continues, the penalty as may be determined in accordance with regulations made by the Commission from time to time. Many sections of CAMA 2020 contain similar provisions where the CAC is empowered to issue sanctions. Thus, this power may be abused in some circumstances and negatively impact the operation of businesses. The Act should have created definite penalties for all defaults which may arise in the administration of the Act and operation of companies instead of leaving the CAC with the discretion to review them from time to time which may cause uncertainty. Similarly, Section 851(1) CAMA 2020 established the Administrative Proceedings Committee with the Registrar-General of CAC as the Chairman. The Committee has the power to "hear persons alleged to have contravened the provisions of the Act or its regulations; (b) resolve disputes or grievances arising from the operations of the Act or its regulations; and (c) impose administrative penalties for contravention of the provisions of the Act or its regulations in the settlement of matters before it. However, this provision arguably contradicts the principle of natural justice, "that no person should be a judge in a matter that he has interest". The CAC administers the provisions of CAMA. And giving the Registrar-General the power to determine the question of whether a person has contravened a provision of the Act and impose penalties in the Committee raises questions of potential bias. Although the decision of the Committee may be appealed, it does not negate the likelihood of bias which may have occurred in the Committee stage. The draftsman should have created an entirely distinct Committee from the CAC to ensure the independence and impartiality of the Administrative Proceedings Committee in discharging its function.

Furthermore, the National Assembly has since 2019 enacted various Finance Acts that have repealed some provisions of existing tax legislation. Currently, there is Finance Act, 2019, 2020, and 2021. At the eve to the end of his tenure, President Muhammadu Buhari signed into law the Finance Act, 2023 which is the latest amendment to Nigerian tax laws. While it is conceded that tax laws require periodic review to tackle evolving economic, social and political realities, the constant amendment are not healthy for the nation's economic development. This may impact the confidence of foreign investors in the definiteness of laws for medium and long-term investment plans. It signifies a lack of vision of the lawmakers who ought to as much as possible attempt to make laws that would last for at least a decade before the necessity for amendments may arise. Besides, there is discomposure in some provisions. For instance, the definition of small companies under CAMA 2020 is different from the definition in the Finance Act, 2023. Section 394(a)(c) CAMA 2020 defines a small company as a company whose turnover is not more than N120,000,000 or its net assets value is not more than N60,000,000. But the FA 2019 defines it as a company that earns gross turnover of N25,000,000 or less. Regardless, the provision of tax holiday, incentives and allowances for companies engaged in manufacturing within government designated Export Processing Zones (EPZs) and Free Trade Zones (FTZs) is good for business growth. Notably, all companies that are 100% focused on export and proceeds of the export form part of at least 75% of the turnover are eligible for a tax holiday of three years although located outside the EPZ (Adola Oyejide, 2023). Goods exported from Nigerian in respect of which the profits are repatriated to Nigeria and used for raw materials, plant, equipment, and spare parts acquisition qualify for tax exemption. But this does not apply to upstream, midstream, and downstream oil and gas companies. Granting tax incentives to companies in the glass and glassware manufacturing, manufacturing of fertilizers, and steel manufacturing industries is as well a good initiative. For the first three years of operation, new companies that are engaged in mining of solid minerals qualify for tax exemption. Also, primary agricultural focused small and medium companies are eligible for tax holiday in the first 4 years and and may be extended for 2 years on the condition of satisfactory (WHO, 2023). Gas utilization companies also qualify for tax exemption for 5 years, dividends and capital allowance and may be extended for another 5 years. In addition, all interest on transfer of funds to Nigeria accruing to the deposit account of non-resident companies from January 1, 1990 qualify for tax exemption. Commendably, foreign loans and interest on loans granted by banks exclusively for manufacturing for the purpose of export are tax exempt. In addition, agricultural trade, fabrication of local plant and machinery, or as working capital to any cottage industry interest from loans granted by a bank qualify for 100% tax exemption if the loan has a moratorium of not less than 12 months and the rate of interest is not more than the base lending rate at the time the loan was granted, refinanced, or otherwise restructured. There is as well a 10% deduction from assessable profits in the year of purchase for cost of purchasing qualifying plants and machinery. It is therefore clear that the Nigerian tax laws are ripe to accommodate diverse business initiatives and enhance business operations. Nevertheless, the recent proliferation in taxes to stifle business income. The removal of tax incentives from taxpayers who invest in certain amenities/infrastructure in "rural" areas as previously provided in Section 34 of Companies Income Tax Act (CITA) in the FA, 2023 tends to restrict and limit industrialization of rural communities. The establishment of industries in these areas leads to development, hence incentives for taxpayers to invest in the enterprises are necessary. The increase of the Tertiary Education Tax (TET) from 2.5% to 3% as contained in section 1(2) of the Tertiary Education Trust Fund (Establishment, etc.) Act (TETFA) in the FA, 2023 tends to financially overburden companies (CAMA, 2020)

Going further, the smooth operation of the banking sector is invaluable to continuous commercial transactions. The Banking and Other Financial Institutions Act (BOFIA), 2020 has cured most of the inadequacies of BOFIA, 1991. This has helped to contribute to the maintenance of a safe and efficient banking system and adequately regulate financial/non-financial institutions. These include the establishment of the Banking Sector Resolution Fund which the CBN and the Nigeria Deposit Insurance Corporation (NDIC) are mandated to pay ₦10 billion and ₦4 billion respectively (or such amount as the Board of the CBN may determine) on the first business day in each calendar year to ensure stability in the banking sector. In Sections 102-132, the Act established the Special Tribunal for the Enforcement and Recovery of Eligible Loans to exercise jurisdiction on the enforcement and recovery of eligible loans by banks, specialized banks and other financial institutions. The aim is to enhance lending activities with guaranteed recovery measure. There is also the introduction of the netting agreements in the event that a bank is wound up, including the powers conferred on the CBN to issue regulations and guidelines to the financial sector to address cyber security issues in the delivery of financial or banking services. However, Section 65(1) excludes the operation of the Federal Competition and Consumer Protection Act in any act, financial product, or financial services by a bank or other financial institution. Sadly, this provision negatively impacts consumer rights. Those in the banking sector may exploit this provision to the disadvantage of their customers.

The Business Facilitation Act, 2023 signed into law on February, 2023 consequently has the potential to enable the industrialization plan. Initially, section 22(5) CAMA prohibited private companies unless authorized by law, from inviting the public to— (a) subscribe for any share or debenture of the company ; or (b) deposit money for fixed periods or payable at call, whether or not bearing interest. Section 67 of the Securities and Exchange Act, 2007 has been amended to allow private companies allot its securities to the public through any lawful means as the Securities and Exchange Commission may prescribe by regulation. Put differently, the new approach provides greater access to funding and financing opportunities for businesses including an institution with a sole shareholder as permitted in section 18(2) CAMA 2020. The amendment of the Trade Marks Act to include "services" affords businesses the opportunity to protect their brain initiatives including services offering.

Nigeria also has other laws that ensure transparency and efficiency in business operations - some of these laws are the Nigerian Export Promotion Council Act, Customs and Excise Management Act, Export Prohibition Act, Financial Reporting Council Act, Foreign Exchange (Monitoring and Miscellaneous Act), Immigration Act, Industrial Inspectorate Act, Industrial Training Fund Act, Investment and Securities Act, National Housing Fund Act, National Office for Technological Acquisition and Promotion Act, National Planning Commission Act, Nigerian Customs Service Board Act, Nigerian Investment Promotion Commission Act, Nigerian Oil and Gas Industry Content Development Act, Nigerian Ports Authority Act, Patents and Designs Act, Pension Reform Act, Standards Organisation of Nigeria Act, and Trademarks Act.

However, corruption and insecurity in almost all parts of the country discourage business activities and FDI. In the first instance, the National Assembly has enacted specific laws to tackle corruption in addition to the Criminal Code and Penal Code. The Economic and Financial crimes Commission (EFCC) Act, 2004 and Independent Corrupt Practices Commission (ICPC) Act, 2000 have improved the integrity of the public and private institutions. Nonetheless, the laws are fraught with inadequacies that have reduced the institutions to political and election tools. The elimination of corruption could provide more access to funding for business growth since most looted funds would be recovered and diverted to the appropriate channels. Hence the need to strengthen the institutions that fight economic and financial crimes (Zubairu, 2020). Precisely, the Act established the Economic and Financial Crimes Commission and empowers it to – (a) cause investigations to be conducted as to whether any person, corporate body or organization has committed any offence under this Act or other law relating to economic and financial crimes (b) cause investigations to be conducted into the properties of any person if it appears to the commission that the person's lifestyle and extent of the properties are not justified by his source of income. The Commission has the responsibility of enforcing the provisions of:

1) the Money Laundering Act 2003; 2003 No.7 1995 N0. 13
2) the Advance Fee Fraud and Other Fraud Related Offences Act 1995;

3) the Failed Banks (Recovery of Debts) and Financial Malpractices in Banks Act 1994, as amended;

4) The Banks and other Financial Institutions Act 1991, as amended; and

5) Miscellaneous Offences Act (f) Any other law or regulations relating to economic and financial crimes, including the Criminal code of penal code.

Section 3 of the Act has over the years impeded the envisioned objectives of the law. Successive governments in Nigeria have converted the Commission to a political tool, used specially against political opponents and instrument of threat, harassment, etc. Emphatically, section 3(2)(3) of the Act provide:

> 2-A member of the Commission may at any time be removed by the President for inability to discharge the functions of his office (whether arising from infirmity of mind or body or any other cause) or for misconduct or if the President is satisfied that it is not in the interest of the Commission or the interest of the public that the member should continue in office.
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> 3-A member of the Commission may resign his membership by notice in writing addressed to the President and that member shall, on the date of the receipt of the notice by the President, cease to be member (CAMA, 2020)

By implication, the security of tenure of the members of the Commission is not guaranteed. Based on antecedents and empirical analyses of historical facts regarding the leadership of the Commission in the discharge of its functions, it can be argued that the impartiality of the Commission, including offenders who are either investigated or prosecuted lie with the President. Beginning from the time of its existence, Nuhu Ribadu was the pioneer Chairman of the EFCC. In December 2007, Ribadu lost favour with the ruling class and was ousted from office two weeks after he attempted to bring charges against James Ibori, a former governor of Delta State and a close ally of Umaru Yar'Adua, Obasanjo's successor. He was later demoted by the Police and retired. Farida Waziri who replaced Ribadu assumed office in May 2008. She allegedly issued clearance letters to Ibori despite his conviction in the United Kingdom of corruption charges and Victor Attah, a former governor of Akwa-Ibom State. This action impacted Nigeria in the international scene, causing partners and donors of Nigeria to hesitate in dealing with the country. Former President Goodluck Jonathan sacked Waziri on November 23, 2011 on ground of national interest. In another twist of event, Waziri was replaced by Ibrahim Lamorde the same day as the Acting Chairman of the Commission. The Senate alleged that about \$5bn (£3.2bn) had gone missing at the EFCC which led to Ibrahim's removal by President Muhammadu Buhari on November 9, 2015. Ibrahim Magu who came into office in 2015 was arrested on July 6, 2020 by some operatives of the Department of Security Services (DSS) followed by his removal allegedly on ground of gross misconduct. Mr. Abdulrasheed Bawa replaced Magu and was replaced by Mr. Abdulkarim Chukkol following his suspension from office on June 14, 2023 to allow investigation into allegations leveled against him. It can therefore be seen that the institution has continued to suffer political control and manipulations. It has become paramount to reform the Commission and remove the power of appointing, removing or suspending any member of the Commission from the President. This should also extend to other critical institutions in the country such as the CBN and ICPC.

Also, a reasonable level of security is vital to guarantee the security of infrastructure, investors and personnel in the industrialization plan. According to *Zubairu*, Nigeria is inflated with insecurity. The causes were attributed to unemployment and poverty, elite exploitation of ethnicity and religious differences, corruption, weak security apparatus, porous border, marginalization and inequality in the country, and bad governance and poor leadership. The North-East, North Central, and South-South regions were identified as the most affected by the insecurity. This is almost all parts of the country. For the effective management of insecurity, *Zubairu* recommends Community Policing within each divisional police headquarters; including economic development with the right social, economic, and physical infrastructure needed for industrial and business expansion. The government must as a matter of necessity fuse the economic plan with security plan since the two are inter-pendent. The absence of security reduces economic activities even loss of business establishments. Conversely, low-economic activities lead to job losses and unemployment (Henry Ojelu, 2023). The consequent effect is the dependence of the populace in criminal activities as a means of survival.

4.0 THE ROLE OF LAW AND REGULATIONS IN MOVING NIGERIA FROM A CONSUMPTION TO PRODUCTION ECONOMY

As reflected above, Nigeria has come to a state where consumption is the order of the day, however, there is no commensurate production to balance the foreign trade. No doubt, the economy is like a supertanker, it does not move on a dime. Policy can nudge it, but it takes a while before it starts moving substantially. It is clear that our importation rate is massively higher that our exportation rate, this is simply caused by the inactive production state in the country. Africa, especially Nigeria is deemed to be a consumption economy (consumption dependent country) and research further proves that one out of five consumers of the world is Nigerian. Therefore, the most pertinent question you must ask at this point is how we can transform Nigeria from a consumption economy to a production economy. Notwithstanding whatever solution that is proposed, there are certain key considerations one must look out for in ensuring the smooth transition from a consumption economy to a production economy.

1. **Lack of implementation of laws/nonfunctional regulatory bodies**: It is no doubt that Nigeria is a country filled with several laws geared towards the growth of the economy, however, these laws cannot be said to have any impact without implementation. Several regulatory bodies created pursuant to laws are ineffective while others are yet to even be set up. Regulatory bodies like the National Agency for Food and Drug Administration and Control (NAFDAC, Customs Service, Standards Organization of Nigeria (SON), Federal Competition and Consumer Protection Commissioned (FCCPC) etc. saddled with the responsibility of ensuring product quality and consumer protection must be provided with adequate support and the synergy between these parastatal must be strengthened in order to enable consumers get the best quality of whatever the producers/manufacturers develop. While we note the importance of moving Nigeria from a consumption economy to a production economy, this must be done appropriately as only well-trained experts must be allowed to engage in production, else, several fake products will be introduced into the Nigeria market. Only the regulators listed above can assist with this.

2. **Noncompliance with agreements on the part of the Government**: The Nigerian Government, in its bid to ensure adequate electricity and further growth of the economy privatized the power sector, however, much is left to be desired of this privatization because of lack of compliance with its own commitments as agreed with the private sector. This has left the power sector in shambles till date despite the privatization. It is without doubt that privatization when utilized properly would be beneficial to all and the resolution of the power sector issues would go a long way in promoting businesses in the country.
3. **Ineffective Public Private Partnership structure**: PPPs in Nigeria become prevalent in 2005 when the Infrastructure Concession Regulatory Commission (Establishment)

Act (the "ICRC Act") was enacted. The ICRC Act created the Infrastructure Concession Regulatory Commission to serve as a liaison agency between the sector of the economy in which PPP projects are being executed to ensure proper execution of PPP projects. However, this institution has not been fully utilized till date. Nigeria is plagued with high level of infrastructural deficit. The continuous cancellation of projects by the Government for unnecessary reasons or for change in power or other personal interests has left this body without much power. This has also discouraged private sector investors from investing in the economy. No doubt, if implemented properly, PPPs could be a viable option to resolving Nigeria's infrastructure problems.

4. **With respect to the financial technology sector**, it appears that the legal framework, although evolving, still has a long way to go. Lack of laws to regulate areas like the crypto currency market, amongst others have made it difficult to exploit these areas legally by Nigerians. The difference between the positions of the relevant regulatory agencies like the Securities and Exchange Commission and the Central Bank of Nigeria has caused great despair. This is why the synergy between the regulators must be promoted.

5. **Ease of exportation procedure/Open trade development**: As stated earlier, Nigeria imports more than it exports. Local producers who wish to engage in exportation may not be able to go through the rigorous procedure involved in exportation. The trade treaties which Nigeria is a party to including the ACFTA should be exploited to the benefit of local producers to simplify the exportation procedure for local producers. In addition, Africa, especially Nigeria is grappling to undo a legacy dominated by trade with their former colonial rulers rather than with each other. Exportation to fellow African countries must be promoted, there are relatively lower tariffs on African goods entering European countries and this makes export to such industrial countries more lucrative than to other African countries. The relationship between the African countries must be further developed.

6. **Lack of accountability for project funds:** The Federal Government, through the CBN and other bodies has over the years rolled out several initiatives aimed at promoting businesses in Nigeria and mapped out funds/grants for it. We tend to hear of these funds but do not see the utilization of these funds. Start ups at the recently held Youths in Business Forum (YiBF) held on 3rd October and 4th October 2022 complained of grants promised to several start ups of which none has been disbursed till date. This appears to have been the trend for a while and has led to the stifling of businesses that relied on the promise of grants for expansion.

7. **Creation of local security laws:** In recent times, there have been clamor for the creation of state police, with divergence of opinions on this issue. Previously, the North was the only state plagued with high insecurity issues, however, this has changed as every state in Nigeria is suffering for the effects of extreme insecurity issues. To drive Nigeria from a consumption economy to a production economy without security would be impossible. The lives of citizens must be secured, and farmers must be certain that their lives and businesses are guaranteed. This therefore begs the need for state police to assist with ensuring security of lives and belongings.

8. **Improve Infrastructure and Logistics:** Nigeria need to upgrade and expand transportation infrastructure, including roads, railways, ports, and airports, to ensure efficient movement of goods across the country. This will reduce transportation costs,

shorten delivery times, and enhance connectivity between production centers and markets. There is need to also address the inadequate power supply by investing in reliable and sustainable energy sources, such as renewable energy projects and efficient power generation systems. A consistent and affordable power supply is crucial for production activities, as it reduces reliance on expensive alternatives and improves productivity. The development of integrated logistics systems that optimize supply chain management, warehousing, and distribution networks. Implement modern tracking technologies, inventory management systems, and streamlined customs procedures to minimize delays, improve inventory turnover, and enhance overall efficiency.

The highlighted points, among others would set the background for the smooth transition from a consumption economy to a production economy. This is because production will almost be impossible without infrastructural development and security which are the root of Nigeria's problem, although, partly caused by corruption and mismanagement of funds.

5.0 CONCLUSION

Transitioning Nigeria from a consumption economy to a production economy requires addressing various legal and regulatory challenges. This study has highlighted the key recommendations to facilitate this transition. By improving infrastructure and logistics and evaluation of the legal and regulatory framework, Nigeria can create an enabling environment for businesses to thrive and contribute to the growth of the production sector. Investing in critical infrastructure will enhance operational efficiency, reduce costs, and attract investment in production-focused industries.

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