AN EVALUATION OF THE CONTRIBUTIONS OF BORNO INVESTMENT COMPANY LIMITED TO THE SOCIO-ECONOMIC DEVELOPMENT OF THE STATE

BY

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This is a thesis submitted to the Postgraduate School, Ahmadu Bello University, Zaria, in partial fulfillment of the requirements for the award of Degree in Master of Public Administration (MPA)

Department of Public Administration, Faculty of Administration, A.B.U. Zaria.

OCTOBER, 1999

DECLARATION

I Mshelia, John Adamu hereby declare that this thesis is written by me as a result of my independent work and that it has not been copied from any previous submitted research work. I also declare that works of other authors are fully acknowledged appropriately.

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CERTIFICATION

This thesis entitled: An Evaluation of the contributions of Borno Investment Company Limited to the Scoio-Economic Development of the state, by Mshelia, John Adamu meets the regulations governing the award of the degree of Master dof Public Administration of Ahmadu Bello University, Zaria, and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

This work is dedicated to my sons Abba, Alfa and the unborn. It is also dedicated to my parents, Late Adamu Chabiri Abba Mshelia and Mrs. Wulha Adamu Mshelia who were not opportuned but strove to provide the opportunity in no small measure.

ACKNOWLEDGEMENTS

It is a truism that in undertaking a work or study of this nature, which is a long, difficult and demanding exercise, can hardly succeed without the help or contributions of other persons. It is in this regard that I wish to first and foremost register my indebtedness to Prof. Ibrahim Abdullasami, my Supervisor for his critical approach, comments and the advice rendered to me throughout the supervision process. For that I say thanks.

I wish to also express my deep appreciation to Mr. Yakubu Sankey (HOD) Dr. Molem, Prof. J.P. Longe, Prof. P.C.A. Daudu all of the Public Administration Department of A.B.U Zaria; and Dr. Samuel Kaku Mshelia of the University of Maiduguri for their contribution and moral support.

My gratitude and appreciation are also extended to the management and staff of Borno Investment Company Limited Maiduguri; especially, to Mr. Andrew S. Wakawa, Mr. Mohammed S. Liman, Mr. Mohammed Kurnabe, Mr. Saidu Mbaya and Mr. Abubakar Maisalati.

My sincere appreciation goes to my sons Abba, Alfa and my wife Mrs. Eunice J. Mshelia for their encouragement, prayers and support; and for maintaining the home with care and grace. Thanks for the patience, love and for enduring all the inconvenience caused by my absence. Mention must be made of my senior brother, Mr. Jonathan M. Mshelia for producing the questionnaire for me. Thanks a lot. I remembered my mother Mrs. Wulha Adamu and my mother-in-law Mrs. Saratu Shapshi for their deep sense of appreciation and understanding.

I also remembered my sisters Rahila, Rose and Helen and brothers Danladi, Victor and Samuel. Remembered are James and Blessing. Also remembered are my brothers and sisters-in-law especially Lydia for staying with my wife. The family of Mr. Lawrence Hena are also acknowledged. Thanks for the support and prayers.

My very special thanks and gratitude goes to my friends; Mr. Emmanuel T. Wakawa, Mr. Madu Malgwi (Alhaji), Mr. Sunday M. Dika, Arc. Hamman Jr.W. Mbaya, Dr. Kashim K. Ndahi, Dr. Amos P. Bassi, Barrister Ibrahim Watila, Mr. Bulus Yar-Ali, Mr. Thlama J. Ndahi, Mr. Samndi Sawa, Mr. I anre Madehin, Engineer Akin I. Akintomide, Mr. Fori Tatama, Mr. Ajayi M. Shallangwa, Mr. Baba D. Hena, Mr. Y.U. Balami and Mr. Emmanuel U. Dibal, I cherish their individual and collective contributions.

Finally, my appreciation goes to my class mates; my thanks goes to Mr. Parker Maude Department of Public Administration Librarian; also remembered are Ali Bassi and Gladys Oguh for typing the final copy of this thesis. I am also indebted to all those not mentioned here who made contributions directly and indirectly to this work.

I am responsible for any mistakes that may be detected in this research work.

Mshelia, John Adamu
October 1999

THOUGHTFUL QUOTATIONS

"Without being radical or overly bold, I will tell you that the third world war has already started. The war is tearing down developing countries. Instead of soldiers dying there are children; instead of millions of wounded there are millions of unemployed; instead of destruction of bridges there is tearing down of factories, schools, hospitals and entire economies. It is a war by the USA (Advanced countries) against the Latin American continent and Africa (Third World Countries). A war over foreign debt, one which has as its main weapon, interest – a weapon more deadly than the atom bomb, more shattering than a laser beam".

- Luis Ignacio Silva

(Brazilain Labour Leader)

"It is either we are progressing or retrogressing. We cannot be in the middle".

- Anonymous.

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ABSTRACT

This study is essentially an evaluation of the contributions of Borno Investment Company Limited to the socio-economic development process of the State.

Development whether at the national. Stale or Local Government levels has always constituted the central focus of every administration. Industrialization the world over, is duly recognised as a catalyst to rapid economic growth and development.

In Borno State and Nigeria in general the great desire to industrialize arises partly because of the relative underdevelopment of the State. Another major aspect which has been confronting the Government of Borno State overtime is the compelling challenge to improve and better the socio-economic conditions of its teeming population living in both urban and rural areas of the State.

As a result of the relative underdevelopment of the State, the Stale Government depends on over 70% of her total annual revenue on the statutory allocation coming from the Federal Government. This situation has been undermining the ability of the government in performing its function efficiently and effectively to its people. To reverse this bad trend the state government established Borno Investment Company Limited to act as a catalyst in broadening the investment as well as the socio-economic base of the state and consequently leading to the economic growth and development of the state.

This work made use of the evaluative research techniques. The research is aimed at achieving some practical goals; its major emphasis is on testing that practical

value of some action programmes. It is in this regard that the descriptive or survey and the documentary or historical research methods were used to obtain primary and secondary data respectively. Questionnaire and structured interview constituted the primary source of data. Official publications by the management, gazette, information brochure etc. constituted the source of secondary data, fables and percentages were used for data presentation and analysis.

The study found out that since the company commenced operations it has witnessed a change in the tempo of investment activities especially in the areas of shares acquisition, project financing and implementations within the slate. The company now generates some relatively sizeable revenue. As the study found out the company has since 1991 ceased to receive any subvention from the government and has continued to generate its own revenue both for investments and smooth functioning of the company. The study also found that the company has a high employment capacity especially in the resuscitated industries.

The study recommended that the state government should endeavour to channel huge capital to BICL for more investment in such areas as pharmaceutical, real estate development, soft drink etc.

BICL should endeavour to extend its investments and services to all Local Government councils of the state that are yet to feel company's impact. Finally, further research is recommended whether to retest the findings of this work or to further expand the findings where necessary.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study:

The nineteenth century industrial revolution accelerated the increase in governmental action to a complex and difficult task. During, the first half of twentieth century the volume and complexity of governmental actions subsequently became more pronounced as a result of two factors viz first, as a result of significant advances made in the field of science and technology and secondly, almost every government then started to move away from the idea of maintaining law and order state to one that is committed to comprehensive social and economic development. The magnitude and seriousness of the task made Professor Ibrahim Abdulsalami (1977) to observed that:

> In the developing countries of Asia, Africa and Latin America, that traditional Western colonial concept of maintaining law and tranquillity is being set aside and replaced with the image do government which gives adequate attention and efforts to the requirement of a fuller life for their people. In this way, Ranis has noted, government in the developing areas has become the goal setter or change agent for society, producer and distributor of goods and services, regulator of the political and economic behaviours of the people and defender of national integrity indendence.[1]

The end of result of all this is that in all developing countries today governmental actions cover not only regulatory activities (regulating both the activities and behaviours of citizens)d but also are engaged in the engaged in the establishment of manufacturing, business organisations and the supply of socio-economic goods and services, notably

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education, health, transportation, employment, housing, water, electricity etc. Due to the role assumed by government in managing economic crisis and correcting disequilibria, state responsibilities have expanded considerably.

It is in view of this that Borno State Government came up with new industrial policy which lays emphasis on:

a) the development and utilisation of local raw materials:

b) creating employment through the establishment of cottage, small, medium and large scale industries with a view of improving the quality of life its teeming population.

c) the encouragement of business communities to face the challenge of industrialisation in addition to their usual trading activity.

The development of small-scale industries is a policy objective aimed at achieving an accelerated pace of industrial development. It is also one of the strategies mapped out for achieving industrial dispersal, steady industrialisation and the development of the rural sector of the economy.

In order to realise these stated objectives and others the state government established the Borno Investment Company Limited Maiduguri. The company (BICL) was incorporated in February, 1981 as a Private Limited Liability Company wholly owned by the Borno State Government. The main aim of the company is to stimulate the promotion of both private and public investment in order to hasten the industrial

growth and development of the state. This will be achieved by promoting, financing and implementing viable small, medium and large scale projects in manufacturing, commercial, financial and service sectors of the nation's economy through equity and loan or loan investments. The company formally commenced business in April 1987.

1.2 Statement of the Problem:

At independence in 1960, Nigeria inherited socio-economic system that was designed and equipped to serve the interest of the colonial power Great Britain primarily as producers of raw materials for home-based industries and serve as markets for finished products. Political independence, however, brought with it greater and more profound challenges especially, for national development, a task which necessitated a major role of government within the national development context.

Shortly after independence Nigeria stumbled into a sudden wealth from export of crude oil. The emergence of petroleum export in the 1970s as the major source of government revenue and foreign exchange earner- "contributing about eighty (80%) percent of government's total revenue, both recurrent and current capital".2 As a result of this windfall government adopted the import-substitution strategy as a means for transforming the country into an industrial economy. Unfortunately, however, the strategy did not work out as planned and agriculture was neglected (under-funded) which led to decline in food production. The

government also spent substantial amount of its oil revenue in developing social and economic infrastructures through out the length and breadth of the country. The government, thus, assumed the leading role in strategic socio-economic sectors especially, where the indigenous private sector was new and weak due to inexperience, naivety in the willingness to take risk and lacks sufficient capital to invest. This was in nut shell the rational for establishing public enterprises, after the attainment of independence on 1st October, 1960.

The adoption of this strategy (import-substitution) for development led to the volume of government fiscal and financial activities to increase substantially. For instance "total planned public sector investment rose from ₦2 billion in the 1962-68 Development Plan period and ₦3 billion for the 1970-74 Development plan period to staggering ₦43.3 billion for the 1975-81 Development plan period" (Abubakar 1998). By the 1981-85 Development Plan shot up substantially to ₦70.5 billion and during the National Rolling plan of 1993-95 it rose substantially to ₦213.9 billion. These rapid growths in number of public enterprises got yet another boost with the creation of thirty (30) states and Federal Capital Territory, Abuja. Most of this states (sub-units) of the country considered it worthwhile to also establish at least one public enterprise for some vital sectors of the economy primarily, for its development e.g. Bank of the North, Premier Commercial Bank, Borno Investment Company Limited etc. This rapid

growth of public enterprises/corporations does not manifest only in the absolute number of employees but also in the variety of parastatals and other agencies created to perform the new task of national development government has assumed since independence in Third World Countries.

The question to be asked here is how well have such public enterprises performed? The performance of most public enterprises leaves much to be desired, whether under the civilian or military junta regimes. Public probes most often than not leaves sordid outcomes. This has led others to view public enterprises as constituting drainpipes on the nation's scarce resources. The basis of such discuss has been the persistent failures of public enterprises adjudge on the criteria of viability, equity, efficiency, effectiveness and profitability. Other problems confronting public enterprises in Nigeria and Borno State especially include lack of sufficient funs to finance major industrial projects; hither-land disposition of the state which makes it far from sea ports the consequence is the transportation problems; lack of adequate infrastructural facilities such as good road, portable water, electricity etc; lack of investment, financial and operational autonomy on the part of the management staff as well as corruption and mismanagement.

1.3 Aims of the Study

Having casually observed the roles of public enterprises in the North East sub-region of Nigeria, I discovered that the BICL has a slightly different roles or objectives from others to act as a catalyst in the process of development and to ensure equitable dispersal of industrial development throughout the state.

Also the lack of empirical study of the socio-economic impact of BICL on the development of the state coupled to inform the choice of BICL among others as a field of study. The aims are viz: -

(i) To assess the contributions of BICL in facilitating the economic growth of the state in the industrial, financial and commercial sectors.

(ii) To assess BICL's contributions in lowering the rate of unemployment and poverty in the state.

(iii) To assess the general opinion of the people of the state on BICL performance.

(iv) To make recommendations that are expected to be useful to BICL, the Borno State government etc.

1.4 Hypotheses

(i) That BICL's contributions to the state's industrial, financial and commercial development is as a result of the operational autonomy the company enjoys from the government.

(ii) That BICL's contributions in the areas of revenue generation, tax remittance, employment and consultancy services has led to economic growth and the lowering of unemployment and poverty in the state.

1.5 Methodology

In evaluating the contributions of BICL to the socio-economic development of Borno State, this study used the evaluative research technique. Edward Suchman defined evaluative research as a specific applied research whose primary goal is not the discovery of knowledge but rather a testing of the application of knowledge. Evaluative research here is aimed at achieving some practical goal – its major emphasis is upon utility that is testing the practical value of some action programmes. In this regard the documentary or historical research (secondary source) and the descriptive or survey research (primary source) were employed or used in this study.

1.5.1 Sources of Data

Sources for this data consisted of primary data obtained from questionnaire administered, scheduled interviews with the management staff of BICL Maiduguri and survey questionnaire administered to Chairmen as well as selected respondents in four (4) out of the then twenty one (21) Local Government Areas in Borno State viz: Bama, Biu, Damboa and Maiduguri. These four Local Government Councils represents 19.05% and were selected randomly after the state was divided into four zones for the purpose of this survey reflecting geographical and ethnic spread of the state. The other source consisted of the secondary data which included official publications by the management, progress reports prepared by

BICL, reports from Ministries of Finance and Economic Planning and Trade and Industries of the state.

Samples were drawn from some categories of customers and management staff of BICL for the purpose of this study. Also samples were drawn from within the head quarters of the four selected local government councils where the impact of BICL could best be gauged for the purpose of this research. Questionnaire were thus, administered to the randomly selected people.

In order to ensure a reasonable generalization to be made, attempt was made to ensure that everybody was given equal chance of being selected to fill questionnaire on the basis of first come first served sampling technique. Random sample is a means of selecting a sample in such a way that at each step all members of the population not already selected stand the same chance of being selected. The sample size was limited to 250 questionnaire in order to allow for thorough investigation and easy analysis and synthesis. The researcher was aided by two staff assistance in conducting the questionnaire in each local government council.

1.5.2. Method of Data Collection

In order to solicit relevant information about BICL that will enable objective analysis and synthesis that would warrant a reasonable generalization, a simple structured questionnaire was designed and

approved to solicit the people general opinion on the contributions of BICL to the socio- economic development of Borno State.

The questionnaire were divided into two sections – viz: the questionnaire for the management staff of BICL and the questionnaire for the general population. See appendix for sample questionnaire.

1.5.3 Tools of Data Analysis

The data from the questionnaire were tabulated and analysed using not too sophisticated descriptive statistical methods, mainly arithmetical sums and frequency distributions of the responses. Questionnaire responses and information extracted from oral interviews as well as excerpts from various documents on the activities of BICL serves in facilitating the general description of the developmental impact of BICL within Borno State and the nation in general.

1.6 Significance of the Study

Borno State is blessed with very resourceful people of about three (3) million and with abundant economic potentialities ranging from agro-based to mineral extractions. For instance, the state is a major producer of wheat, rice, sorghum, millet, groundnut, cotton, gum Arabic, livestock etc. Among the mineral deposits found within the state include limestone, feldspar, quartz, diatomite, mica, trona, potash, gypsum, caolin, uranium, iron ore etc. All these are major raw materials for variety of industries that could be sited in the state. Given all these potentials of the state it is sad to

note there is hardly any industry that has been established to take advantage of these raw materials. The very few industries around hardly operate smoothly throughout the year as a result of some of the problems facing public enterprises enumerated above. Even so these industries could hardly boast of employing workers up to one hundred and above. As a result of this poor industrial base of the state the people of the state are constantly faced with the crisis of deteriorating economic condition epitomized in the wide spread unemployment, abject poverty, illiteracy, inflation, crude exploitation of labour, backwardness etc.

Owing to high yearning for socio-economic development by the teeming population of Borno State, the government established Borno Investment Company Limited to act as catalyst in addressing these problems. There are profound challenges facing development administrators in the state. These challenges are concerned with changing and reforming the administration so that it can cope effectively with development policies and programmes in the state and the country where demands are new and extensive and yet where the obstacles to achieving development are severe. This therefore, demands prudent management of the vast human and scarce natural resources and effectively harnessing these for the benefit of the majority of the people. Hence, governments (Federal, State and Local) especially, in developing countries, have accepted public enterprises as agents for achieving rapid socio-economic

development. The primary importance of this study is to try and find out the preliminary contributions of BICL to the socio-economic development of Borno State. Also inspite of the past lapses of public enterprises in Nigeria and else where to try restore confidence in public enterprises as agents accelerating development by harnessing efforts to encourage their operational efficiency and effectiveness. The study also tends towards searching for solutions to problems faced by public enterprises in Borno and the rest of the country. The study hope to kindle conscious effort towards building a virile economic base for the state and the rest of the nation by emphasizing the central role public enterprises have played and will continue to play inspite of attempts to scale down the size of public sector through the on going privatisation process in the country.

1.7 Scope and Limitation of the Study

The study focuses on the contributions of Borno Investment Company Limited (BICL) which is a catalyst in the socio-economic development of Borno State in particular and the country in general. As a case study this involves an analysis of the functions and assessment of the company's achievements in uplifting the socio-economic well being of the people of the state since its inception in 1987 to 1993. A period of seven years. Recommendations proffered on how to improve BICL's performance so as to speed up the rate of development of the state.

1.8 Definition Of Concepts

For the purpose of conceptual clarity the operational definitions below are meant to help convey the meanings of these words as used in this study.

Investment Autonomy

Freedom of management from government interference to operate with business like flexibility, acting commercially within a framework provided by law, by devoting and ploughing capital into production, business etc. which is expected to yield surplus capital over a given period of time.

Financial Autonomy

"Realistic capitalization, power to raise funds in the open market, effective audit, selection of external auditors from among accredited professional firms and independent responsibility for purchases" Udoji Commission (1974)

Operational Autonomy

Walinsky's definition is considered suitable or apt and is therefore adopted. Accordint to Walinsky parastatals: "Should be autonomous to design their own rules, regulations and procedures in respect of their staff. Appointment, promotion and disciplinary control should be left entirely in the hands of the public corporations. This should include appointment,

promotion and the discipline of the general manager, secretary and the management staff of the corporations. They should be at liberty to pay salaries, commission, bonuses etc. adequate to attract and retain superior management performance and skilled workers". 4

Equity

Social or distributive justice or fair play, for instance equal distribution of public sector projects within affordable reach of every body in society like general hospital.

Efficiency

Here efficiency is seen from macro-perspective that is macro-economic efficiency – that is efficient allocation combinations in the application and use of a society's stock of scarce resources. According to this thesis a given economic arrangement can be said to be efficient when a change in the resource allocation increases or improves one person's or community's welfare without any adverse effects on others welfare. An inefficient allocation of society's stock of scarce resources occurs when they are not being used to maximize collective societal welfare. 5

Economic Growth

The steady process by which the productive capacity of the economy is increased over time to bring about rising levels of national income – which is Gross National Products (GNP) minus the cost of depreciation.

Under-Development

Is a socio-economic situation in which there exist persistent poor standards of living which has been informed by absolute poverty, low per capita incomes, low rates of economic growth, poor health services, high rates of unemployment, high birth and death rates, vulnerability to and dependence on foreign economies and limited freedom of choice between variables that satisfy human wants – (Todaro, 1989).

1.9 Plan of the Thesis

This thesis is divided into five chapters viz Chapter one deals with the introduction, statement of the research problem, objectives of the study, scope and limitation of the study, hypotheses of the study to be tested and methodology to be followed in the conduct of the research, questionnaire design, data analysis and definition of concepts.

Chapter two deals with literature review of some writers on development, economic systems, public enterprises, the theoretical framework of the study as well as a purview of Structural Adjustment Programme (SAP) and privatisation.

Chapter three deals with the historical background of BICL, the origin of public enterprises (corporations) in Nigeria, and history of Borno State.

Chapter four deals with data presentation and data analysis and;

Chapter five highlights the summary and conclusions of the research findings as well as recommendations proffered on how to improve BICI performance so as to speed up the rate of development of Borno State in particular and the country in general.

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CHAPTER TWO

Literature Review and Theoretical Framework

2.1 Development: A Conceptual Framework

The core problem facing developing countries are those of poverty and how to provide solutions to overcome this poverty. Attempts after independence in October 1960, to accelerate Nigeria's socio-economic development did not take place within an intellectual vacuum. Policies formulated and strategies employed were informed by a set of ideas similar to, and which were influenced by the leading economic ideas on development which came to the fore after the second world war. Their views thus, illuminate much of what happened in this country since independence and thus, a brief examination of some of these important writers on development problems becomes pertinent and thereafter attempt a working definition of development that encompasses concern for essential material and non-material human needs.

There are two broad theoretical assumptions that are not unrelated, differing in emphasis rather than in kind or substance viz: the liberal development, underdevelopment perspective and the more radical perspective.

2.1.1. The Liberal Perspective:

The debate among liberal academics and practitioners has focussed on the post-independence manner of development within African countries:

i) The linear stages,

ii) The structural-change models and

iii) The neo-classical, free market counter-revolution (Todaro M. 1989)

i) Early approaches to development (1950s to 1960s) were dominated by the concept of successive 'stages of economic growth' in which the process of development was seen as a linear path along which all that is required for any take off into self sustaining growth state is the mobilization of domestic and foreign savings in order generate sufficient investment to accelerate economic growth. Development thus, became synonymous with rapid, aggregate economic growth. Proponents of the economic mechanism by which more investment leads to more growth include W.W. Rostow and Harrod – Domar.

ii) The linear – stages approach was followed by the theories and patterns of structural change (1970s) which uses modern economic theory and statistical analysis in an attempt to portray the internal process of structural change that a 'typical' developing country must undergo if it is to succeed in generating and sustaining a process of rapid economic growth. The structural change stresses the mechanism by which underdeveloped economies must transform their domestic economic structures from heavy emphasis on traditional subsistence agriculture to a more modern, more urbanized, and more industrially diverse manufacturing and service economy. The two well known proponents of this development approach are W. Arthur Lewis – 'Two sector surplus Labour' and Hollis Chenery – "Pattern of Development".

iii) Throughout much of the 1980s, a neoclassical counter-revolution in economic thought took place (as a result of the political ascendancy of conservative governments in Western World and North America), one that emphasized the beneficial role of free markets and the heavy economic costs of government intervention in promoting development. This counter-revolution emphasized the privatisation of public corporations in developed nations and the persistent call

for the dismantling of public ownership, planning and regulation of economic activities in developing countries. Using the world's two most powerful international financial agencies, the World Bank and the International Monetary Fund (IMF), they are achieving their objectives. A good example is their prescriptions for the on going privatisation in Nigeria and other countries through the Structural Adjustment Programme.

2.1.2 The Radical Perspective

In contrast to the liberal approaches to development, attempts have been made to explain the continued underdevelopment of Africa and the rest of the Third World countries by reference to historical processes within a structural framework in which Africa's position in the world capitalist system is seen to be fundamental. This analysis derived considerable impetus from the writings of Karl Marx, V.I Lenin, and Luxemburg on class analysis and exploitation, international capitalism and imperialism. Added to these are the works of Paul Baran, A. Gunder Frank and Walter Rodney.

These writers posit that the historical structure of relations between Africa and Europe derived from the spread of international capitalism during the colonial period and based on an unequal exchange, created economic dependence and an unequal social structure within colonial territories. Despite the attainment of political independence it is suggested that the persistence of international and intra-national inequalities derives from the fact that Africa's dependent position within the international capitalist system has not changed and is indeed maintained by the interests

of the indigenous controlling elites. A pattern of investment, trade and aids exists and motives are ascribed which reinforce the inherited 'Structures of dominance' – which pervert growth rather than enhancing the growth potentialities of the economy in the medium and long-run terms.

This approach suggests that as a result of these structures the very conditions from which African leaders sought to break away from after independence viz, external control, economic dependence and internal inequalities have persisted and perpetuated underdevelopment. A leading African nationalist Dr. Kwame Nkrumah in his book (1965), 'Neo-Colonialism the last stage of Imperialism' (Nelson). Clearly articulated the feelings of the continent when, during the early years of independence, he emphasized the need to avoid "neo-colonialism" where "the state which is subject to it is, in theory independent and has all the outward trappings of international sovereignty. In reality its economic and thus, its political policy is directed from outside".

Since the end of the United Nations' (UN) first (1960s) and second (1970s) development decades, however, the failure of conventional economic indications to represent the plight of the vast majority of Third World populations and the inadequacy of traditional theory to account for these conditions have led to important changes. Among the most significant is the recognition of the international dimension of development and under development, notably the detrimental effects of conditions external to the

developing countries on economic growth. With this the need has been acknowledged to reconcile sustained economic growth with a concern for the redistribution of income, assets in favour of the poor both at international and intra-national levels (Chenery H. et at, 1974).

2.1.3 Meaning of Development

Professor Dudley Seers posed the basic questions about the meaning of development succinctly when he asserted.

> *"The questions to ask about a country's development are therefore: what has been happening to poverty what has been happening to employment? What has been happening to inequality? If all three of these have declined from high levels then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially, if all three have, it would be strange to call the result "development even if per capital income doubled"1.*

> *Charles P. Kindleberger (1977) also sees economic development as encompassing improvements in material welfare especially, for persons with the lowest income, the eradication of poverty with its attendant problems of illiteracy, disease and early death, changes in the composition of inputs and outputs that generally include shifts in the underlying structure of ways of production from agricultural towards industrial activities, the organization of the economy in such a way that productive employment is general rather than the situation of a privileged minority, the correspondingly greater participation of broadly based groups in making decisions about the directions, economic or otherwise in which they should move to improve their welfare. 2*

The working definition to be adopted for the purpose of this thesis is that of Michael P. Todaro where he defined development as a:-

> Multidimensional process involving major changes in social structures, popular attitudes, and national institutions, as well as the

> acceleration of economic growth, the reduction of inequality and the eradication of absolute poverty. Development in its essence, must represent the whole gamut of change by which an entire social system, tuned to the diverse basic needs and desires of individuals and social groups within that system, moves away form a condition of life widely perceived as unsatisfactory and towards a situation or condition of life regarded as materially and spiritually 'better'.3

All these definitions of development cited here tend to be holistic in perspective reflecting reduction or elimination of poverty, inequality and unemployment within the context of a growing economy.

2.2 Literature Review

This section attempts the analysis of public enterprise as an agent hastening socio-economic development, this truism is not only applicable to the Third World Countries but also in Western World Countries but normally under different circumstances. For instance as earlier mentioned, in the developing countries the starting point is much lower, the feeling of urgency for socio-economic development greater and yet where the obstacles to development are severe. This section have been divided into the following topics for easy understanding of the subject matter under discussion viz:

i) The concept of public enterprises;

ii) Developmental Role of public enterprises;

iii) Structural Adjustment Programme (SAP) brief analysis;

iv) Privatisation of public enterprises.

2.2.1 The Concept of Public Enterprise

In this study parastatal, public corporation and public enterprise is used interchangeably to refer to the same thing. Public enterprise as is known and operated in the modern time first found expression in the work of Willoughby as far back as 1917. He recommended to governments to set up public corporations, describing them as subsidiary enterprises. He said because governments neither have sufficient time nor appropriate skills to administer some of their special services. He suggested that the management of such specialized and revenue yielding government enterprises be entrusted to distinct subsidiary corporations and companies and that governments act only as regulatory and supervisory body. He further advised that government should set up holding subsidiary enterprises to perform a number of commercial, industrial, agricultural and other economic activities so as to relieve the national governments to a considerable extent of the ever-increasing scope and variety of functions that have been imposed upon them.

He suggested therefore, that such an enterprise should have its own plants, equipments and other properties which it will possess in its own name, its own revenue and expenditure system and its distinct accounting and reporting system. 4

Grant G. T. (1979) defines a parastatal as "an entity wholly owned by government and created by a specific statute which gives it authority to engage in designated activities under specific conditions".5

Professor Dimock, maintained and stressed autonomy as the distinguishing attribute of an authentic corporation. He was of the view that there should be both managerial and financial autonomy, as well as accountability.

Hebert Morrison also made his contribution and he maintained that for public industries to be self-supporting and economically successful it must be freed from political interference, class interest and workers' control. He advocated for public corporations' considerable autonomy and freedom of business management.

Juan Allende defined public enterprises as "instruments for the socialization of risk taking and losses especially when the capitalist class lacks both the resources and the nerve to act as one".6

To define public enterprise Praxy Fernandes approaches the task by identifying the fact that it contains two specific words, "Public and Enterprise". According to him the term "Public" connotes ownership, management and control by public authorities. Y. Sankey added the subordinate clause, having public interest(s), goals and objectives. While the term "Enterprise" refers to the activity, which is inherently a business venture of an industrial or commercial nature.

The application of this approach according to Fernandes, does not really set apart public enterprises from other "Public Sector" organizations. He therefore proposes a model, the application of which would enable identification and locating public enterprise in the "Proper" sense of the word. His model contains five definable tests viz:

i) The ownership test: wholly or at least fifty-one (51%) percent is owned and controlled by public authority that is government. Such ownership would then confer the right to manage and control the enterprise(s).

ii) The field of activity test: this should be economic in nature such as industry, agriculture, trade or commerce and services, thus, excluding non-economic activities such as military services, judicial services etc.

iii) The concept of investment and returns: Economic activity involves capital investment and the use of working capital on which return is expected. This however, does not exclude the possibility of negative return (loss).

iv) The concept of sales: Economic activity could be, (a) Production of goods or (b) provision of services. The essence of economic activity is that the goods or services are offered for sale at a price in the open market. Without this, there is no enterprise.

v) The concept of balance sheets and profit and loss accounts: Activities of a business nature demand recording of progress which is done using two documents viz:

    a) A balance sheet which indicates assets and liabilities at any point in time.

b) A profit and loss accounts which indicates for a defined period, the income and expenditure inflow and outflow giving rise to either surplus or deficit.

Using all the five tests, Fernandes arrived at the definition of a public enterprise as follows:

> *An organization wholly or by a majority publicly owned, engaged in economic activities within the sphere of agriculture, industry, commerce or services, involving investment and returns, and the sale of goods or services and whose affairs are capable of being stated in terms of Balance Sheets and Profit and Loss Accounts.7*
> However, for the purpose of this study the definition of public enterprise proffered by Yakubu Sankey is found apt and is thus, adopted for the working of this study. He defined as public enterprise as:
>
> *A government created autonomous organization by law, necessitated by the need of promoting rapid economic development, successful plan – implementation, the control of national economies and the social distributive equity. 8*

2.2.2 Role of Public Enterprises in Socio-Economic Development

State owned enterprises are increasingly being regarded as important actors in socio-economic development process in the developing economies (Third World Countries). They command a sizeable and growing share of public resources in many countries.

Public expenditure in Nigeria for instance has grown largely for three (3) reasons:

(i) More intensive application of governmental economic activity within areas previously provided by the public sector eg. before the civil war public parastatials were not up to

forty (40) but with the on set of oil boom pubic parastatals grew rapidly to over two hundred (200).

(ii) Related to the above factor is the lateral expansion or extensive movement of government in to new areas of economic activity eg. Banking and insurance, education has been for government but with the advent of oil boom educational institutions grew with the establishment of Universal Primary Education and more tertiary institutions.

(iii) Finally there is the expansion n the units of government or administration – the creation of new states and local government councils. See table 2.1 below.

TABLE 2.1

Public Sector Share Of Expenditure Of National Dev. Plans in Nigeria

	A	B	C
	Total Exp. Billion ₦	Share of P/Sector ₦	B as a % of A %
1st Nat. Dev. Plan 1962-68	2.4	1.6	67
2nd Nat. Dev. Plan 1970-75	3.3	2.052	62
3rd Nat. Dev. Plan 1976-80	53.0	43.3	82
4th Nat. Dev. Plan 1981-85	82.0	70.5	86
Nat. Rolling Plan 1993-95	388.91	213.9	55

Sources: H.I. Abubakar (1988) and 1993 budget of transition p41.

> *For instance, recent studies have shown that as at the end of 1983 the total investment in parastatals by the Federal Government stood at an estimated ₦17.8 billion out of this amount, ₦10.6 billion was equity investment while ₦7.2 billion was regarded as loans. ₦9.2 billion or over 50% of the total was accounted for by eight public utility parastatals alone, namely: NEPA, NITEL, NIPOST, NRC, NAA, NET, Nigerian Airways, NNSL, and NPA. The NNPC accounted for ₦2.5 billion; the two main steel companies at Ajaokuta and Aladja accounted for about ₦1 billion each while the banks and insurance companies accounted for another ₦1.3 billion. – G.A.E. Longe (NIPSS Nigerian Journal of policy and strategy June 1986).*

Consequently, as a result of these sizeable shares of public sector resources more and more attention has been focused on the role of public

enterprises in socio-economic development (whether they are performing efficiently or not).

Public enterprises in Third World countries bear much of the burden of socio-economic development. Thus, they could be said to constitute governments' primary catalyst in the development process. Public enterprises have come to be accepted as very powerful agents of development as well as performing the primary function of distributing wealth and resources in a given country of which Nigeria is not an exception.

Just as earlier outlined, public enterprises differ in their objectives and scope. Some are regulatory, welfare and service agencies while some are industrial or commercial in nature. Inspite of these variations in their objectives and scope of operations they tend to induce development.

Public enterprises have been used and is still being used to correct perceived or real market failures in the Third World countries, including a growing indigenous classes (albeit which strongly dislike risk) private sector which is expected to carry out industrialization as required at almost equal footing to what is obtainable in the advance industrialized countries of Western Europe, United States of America and Japan. Thus, public enterprises try to fill these vacuums in the development process.

Public enterprises have also played and is still playing important role as pioneers in strategic and technology intensive fields. For example their

bureaucracies and to attract different personnel and apply different incentives outside the civil services pay limits.

It could be argued that the successes of present development stages now attained by China, Russia, North Korea, Cuba and Japan were as a result of the boost public enterprises received at the initial stages of their development. The experiences of the above mentioned countries in using public enterprise as a means of accelerating development has helped focus the role of public enterprise in stimulating development.

In a study conducted by Tukur Ardo Hamman Muazu (1990) on the contribution of Nigerian Beverages Production Company Yola, he concludes that the parastatal has "Provided employment opportunities to 6020 Nigerian staff".9 M.E. Girgi (1991) in her work on Benue Cement Company reveals that the study found that "Benue Cement Company invested in other companies and thus contributing to their establishment, for instance Benro Packaging Company, Lobi Bank etc".10

Indira Gandi (1970) summarized the role of parastatals thus "we advocate a public enterprise for three reasons, to gain control of the commanding heights of the economy e.g. defence and communication; to promote critical development in terms of social gain of strategic value rather than primarily or considerations of profit, and to provide commercial surpluses with which to finance further economic development". 11

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In the light of the above statement Gandhi concluded that "Public enterprises are therefore important vehicles, nay sine qua non to ensure steady growth of the economy".12

2.2.3 The Antecedents of the Structural Adjustment Programme (SAP) and Privatisation of Public Enterprises

The 1970s, which witnessed the "Oil boom" and profound changes in Nigeria, were characterized by substantial imbalance and distortions in the country. For instance, at independence agriculture was the live wire of the Nigerian economy. About eighty-five percent of her export earnings came from export of agricultural products. Then Nigeria, was the World's largest exporter of oil palm produce and groundnuts, while she also accounted for one-seventh of the world cocoa export. Agriculture also provided employment to about eighty percent of the total working population. Today agriculture is just a small part of a much larger and varied economy. While it still employs the largest part of the labour force in Nigeria, it contributes only one third of the Gross Domestic Product (G.D.P.)

At the same time in the 1970s mining, manufacturing, building construction and public sectors expanded at a rate much faster than that of the agricultural sector. Consequently, their relative contributions to the economy increased significantly, as rightly observed by Oshisami and Dean.

"The mining sector including oil production and export has seen the most spectacular growth of all, and is of the greatest importance to the development of Nigerian economy. In a typical year oil production accounts for over ninety percent of export earnings and about three quarter of Federally collected tax revenue". 13

This era at the same time witnessed the proliferation of public sector institutions and enterprises and private sector firms which were largely dependent on imported inputs. It was an era of "white elephants" – huge and expensive projects of doubtful utility or viability. The government however, spent substantial amount of its oil revenue in developing social and economic infrastructures throughout the length and breadth of the country. The volume of government fiscal and financial activities occasioned by this windfall increased. See table 2.1

This heavy dependence on oil and imported inputs rendered the entire economy vulnerable to external shocks which came in the early 1980s in the form of World Oil glut as well as world recession. This led to capital inflows to dry up while the country's foreign exchange earnings were far from adequate to support the already depressed level of economic activities in the country, these and other malpractices tended to undermine government control of the economy. Consequently, with the collapse of the world oil market in the 1980s economic crises emerged in Nigeria.

The response of the government in 1982 to the sharply deteriorating balance of payment situation, consisted of a package of measures incorporated in the Economic Stabilization (Temporary provisions) Act 1982. It featured the tightening of controls on imports, significant reduction in backing system liquidity and the general upward revision of interest rates. These measures were continued and intensified in the period up to mid 1986 which failed to deal effectively with the fundamental economic and financial problems confronting the economy. Indeed matters tended to get worse while the prospects for the economy had been dimmed further by the sharp deterioration in the crude oil market in 1986. With the persistence and deterioration of balance of payment problems, the external debt crisis, the erosion of international credit worthiness and acute shortage of raw materials and consumer goods, culminating into economic doom thus, the country was then on the verge of collapse. This briefly, is the story of the advent of the Structural Adjustment Programme (SAP) which was launched in July 1986 and was supposedly to last for two years, as a medium term adjustment programme.

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It is worthwhile to stress that SAP came about as the policy of World Bank. Reviewing the economic crisis bedevilling most African countries the World Bank came to the conclusion that the African economic crises started in the 1970s when internal policy mistakes and negative external

developments combined to occasion their current crises. According to the Bank, the mistakes and development could be summarized thus:-

i) Rapid increases in public sector expenditure (including parastatals) without corresponding increases in public sector revenue.

ii) Policy biases against agriculture, still the mainstay of African economies.

iii) Declining domestic savings coupled with ready availability, in the 1970s of concessionaire and non-concessionaire external finance (the later mostly supply driven).

iv) Over-valued exchange rates dampening the incentive for production and export. (In this context the evidence suggests that for at least 30 African countries, the loss of market shares and export proceeds are more strongly correlated to the appreciation of the exchange rates than to protectionism and movements in the terms of trade).14

Thus, the adjustment became absolutely inevitable if African economies were to be salvaged, the Bank concluded.

2.2.4 Policy Framework of SAP

The main policy elements or objectives of Structural Adjustment Programme (SAP) may be summarized as follows:

i) Adoption of realistic exchange rate policy for the naira through the establishment of the Second-Tier Foreign Exchange Market (SFEM);

ii) Adoption of measures to stimulate domestic production and broaden the supply base of the economy;

iii) To restructure and diversify the productive base of the economy in order to reduce dependence on the oil sector and on import;

iv) Rationalization of the custom tariff in order to promote domestic production ;

v) Trade and exchange liberalization in order to enhance efficiency and minimize malpractice;

vi) Adoption of appropriate pricing policies of public sector enterprises; and

vii) Rationalization and selective commercialisation/privatisation of public enterprises. 15

The above measures may broadly be categorized under those intended to create the right environment for the promotion of economic growth and those designed to mobilize resources for development and ensure their most efficient use.

2.2.5. Privatisation of Public Enterprises in Nigeria

Structural Adjustment Programme (SAP) as outlined in its policy framework above aims to focus our attention at re-examination of our social attitudes and the entire national economy while favouring privatisation and commercialisation as policy instrument of the Federal and State by reducing their huge roles in the economic life of the country. Public enterprises in Nigeria were created among other reasons mainly to foster development, economic growth and national integration.

Privatisation has become the operational key word in many literally studies and discussions focusing on Africa's economic development. From World Bank reports, the International Monetary Fund (IMF) and other western monetary institutions and aid donors, privatisation is being touted

as an imperative aspect and key feature of any recovery strategy (SAP) for sub-Saharan African countries and other Third World countries.

The proponents for privatisation often argued that state-owned companies or public enterprises in Africa and other Third World countries are often characterized by the following factors viz: frequent political interference by the parent ministries or government, politically appointed managerial personnel, poor financing by the government, lack of financial, investment and operational (administrative) autonomy, uneconomic localization of industries, poorly defined goals and objectives. Others include over manned corporations, rigid bureaucratic tendencies, low managerial capacity, contentious relations between managements and Board of Directors, poor internal organization and most often then not public corporations are riddled with corruption or fraud, all or some of the factors constitute to account for the poor performance of public corporations. Thus, we are faced with general opinion that believe most:

> *Public enterprises constitute one of the major areas of governmental expenditure and from which there is not hope of profits": for example the former chief of staff, Commodore Ebitu Ukiwe (Retired) on November 27, 1985 stated that the Nigerian Federal Government's total investment into public enterprises which amounted to ₦23.31 billion made up of Direct Equity: ₦11.45 billion loans: ₦10.42 billion, Guaranteed loans granted in foreign currencies: ₦1.366 billion and subsidies to parastatals totalling ₦11.51 billion yielded only ₦934 million. This yield averaged about ₦200 per year on an equity investment of ₦11 billion thus, making a gross return of less than 2 percent per annum. That they are therefore the cause of indebtedness throughout the Third World, gobbling-up in some cases more than 50% of external credits. 16*

Owing to the fact that national and states (constituent units) debts are indeed incurred for the most part by public enterprises in Nigeria and other Third World countries the proponents opined that it will be rational that privatising these sources of losses and consequently debts should be the first step governments in such trouble situation should take.

The privatisation opponents on the other hand posit that the privatisation arguments, however, ignored the important fact that public ownership was in many cases prompted by the failure of the market mechanism and effective absence of willing and compatible indigenous private entrepreneurs. The opponents of the privatisation option argued that even in the western countries where the virtues of private initiative and the superiority of its management principles are cited and referred to , available evidence abound that shows that privatisation has not been consistently implemented in the countries that have adopted and attempted it. Britain and France are good example to be cited in this regard. For instance, the past forty or fifty years, Britain has been shuttling between privatisation and de-privatisation, depending on whether it is the Tory Party or Labour Party that is in power. So it is in France, especially, with the advent of the rightist parliamentary majority in 1986 determined to mark a departure from socialist policies by putting privatisation on the agenda. These examples cited goes to prove that privatisation, as it were, has no absolute

and universal acceptance as being superior to public enterprise ownership and management.

The opponents further argued that from available evidence also, it couldn't be affirmed that privatisation exercise, where it has taken place, has justified its purpose. Privatised-enterprises may have their management significantly improved but a serious problem arises from the fact that government has some global objectives that transcend micro-organizational efficiency. Moreover, even when financial efficiency is achieved, it is at the expense of some social and political problems and it cannot therefore, be said that it has improved the general condition of the economy. In effect, there is a wrong assumption underpinning the evaluation of the performance of public enterprises according to which, like their private counterparts, they must exist and operate to maximize profits. Thus, whenever profit is not the primary objective, the enterprise is considered as a purposeless venture of public waste. This perception is totally oblivious of the fact that most of the so-called wasteful and unprofitable governmental undertakings are just indirectly productive. It appears therefore, that the success of privatisation schemes is more of political/ideological propaganda than of a convincing reality. Adamolakun L. and Laleye O. M. (NIPSS Nigerian Journal of policy and strategy June 1986). Others point to the fact that if the policy of privatisation is implemented the Nigerian government will most certainly cease to control

most major sectors of the economy, thus, negating the clause in the constitution which state that the state shall:

> *"Harness the resources of the nation and promote national prosperity and self reliant economy". Section 17(1) (a) and section 17(1) (b) which authorized the state to "manage and control the national economy in such manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice, equality of status and opportunity". (The constitution of the Federal Republic of Nigeria Promulgation Decree 1989).*

Privatisation as an economic philosophy connotes or emphasize "the role of the private sector or as a principles of government policy in which a set of specific actions or plans are laid out for the authorities to adopt or follow as a way to get government out of the non-strategic areas of the economy and reduce its involvement in direct investment in business enterprises".17

Privatisation – "is mainly a divestiture of government economic activities – that is privatisation of public sector enterprises ownership mainly through the sale of equity or shares at capital market, this entails selling stock to the public".18

Closely following the issue of privatisation is the issue of commercialisation – that is public enterprises that operate commercially and profitably and being able to raise funds from the capital market without government guarantee. Such enterprises use private sector procedures in the running of their businesses and subject to the general regulatory powers of the government.

As this aspect of privatisation of public enterprises in Nigeria do not constitute the focal point of this thesis the brief analysis stop here. It is for this reason the researcher is recommending this as another research aspect to others who might wish to take it up. Perhaps this inquiry should stem from an appraisal of the ethos of privatisation. How has it, that is privatisation-affected employment in the short and long run? Given the technological advantages and economic muscle enjoyed by western countries, United States of America and Japan over Nigeria and other Third World Countries should they "compete on an even footing" buying shares in the privatised industries as posited by western financial institution? Given the privatisation process taking place at a time when the capital market in most Third World countries are either at an embryonic state or none existent, the question that beg for answer is who are the investors and who are the benefactors? Caution must be exercised in privatisation and liberalization of the Third World economies or else Third World countries would end up mortgaging their individual countries to multinational corporations thus, reducing their capacity to exert future control.

2.3 Theoretical Framework of Analysis

This research work attempts to establish a plausible theoretical orientation (framework), which seeks to explain the relationships between a set of variables (see hypotheses) and public enterprises (BICL)

contributions to socio-economic development and also to enable continuity in the advancement of knowledge.

The existence of public enterprises/corporations within any economy pre-supposes the existence of either a mixed economy or a socialist economy.

By the late 18th and early 19th centuries, the developed capitalist countries had begun to change over to large-scale machine production. Machines in a process known as the Industrial Revolution replaced craftsmen's tools. Thus, the material and technical base of capitalism was built.

Capitalism is a social system under which all means of products belong to the capitalists, while workers have none at all and are forced to sell their labour to capitalists in order to keep their bodies and souls together. Unlike slavery and feudalism, in capitalist society exploitation is disguised. The relations between workers and capitalists are presumed to be those between equal commodity owners, but the secret of capitalist exploitation was disclosed by Karl Marx in his book Das Kapital (capital) and the ideas he expounded were developed further by Frederick Engels in his book On Marx's Capital and V.I. Lenin in his book Imperialism, the Highest Stage of Capitalism.

There are two stages in the development of capitalism. In the first, free competition predominates. The means of production belong, in the

main, to individual capitalists. The second, which set in at the turn of the 20th century, is known as monopoly capitalism or imperialism. At this stage, the dominant role in economics and politics belongs to the monopolies, corporations of big capitalists. Corporate property becomes pre-eminent among the other kinds of capitalist property. Intervention by the bourgeois, state in the economy increases and the system of state-monopoly capitalism takes shape. This situation thus, made Marx and Engels (1977) to posit in their work Manifesto of the Communist Party that the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie.

The capitalist system allowed the means of production to be controlled by private individuals. Under the capitalist system, both production and distribution are left to market forces to determine, what is produced, how it is produced, how it is distributed, to whom and at what price, the price system determines all. The government's role is only to facilitate this by creating a conducive atmosphere for people to pursue their own self-interest without interference in whatever they do.

In the 19th century capitalism condemned the working class (people) to appalling poverty and backbreaking toil at factories. At the same time, it produced the proletarian, which became the most numerous class of the bourgeois society. Protest, initially impulsive, against the capitalist system

aggravated the class struggle between labour and capital. This struggle became the key driving force and content of historical progress.

The struggle of the proletarian against the bourgeoisie and its mounting opposition to capitalist wage-slavery was reflected in the theories of socialists of the 19th century: Claude Henri Saint-Simon de Rouvroy, Francois Marie Charles Fourier and Robert Owen.

Claude Henri Saint-Simon de Rouvroy (1760-1825) came from an aristocratic family, but ardently championed the caused of the humiliated and the insulted. He posited that the best social system for society was one that gave the majority of the people a happy life and the maximum opportunity to satisfy their needs and develop all their abilities. He pictured socialist society as a free association, uniting people for collectively and consciously influencing nature in order to build up universal well-being and prosperity. In this society, each would work according to his ability and receive according to his work. There would be no exploitation, no domination of the majority by a minority, while the function of government would be to direct all work of society. Saint-Simon's forecasts of the society of the future were brilliant but he failed to see the material foundations of its development and preached the idea of peaceful co-operation of the oppressors and the oppressed.

Another French utopian socialist, Francois Marie Charles Fourier (1772-1837), son of a wealthy but subsequently impoverished merchant,

was his brilliant criticism of the capitalist system. With deadly sarcasm he stigmatised the hypocrisy and insincerity of bourgeois society and of those who, worshipping the Golden Calf, defended and embellished it. He exposed the economic and state mechanism of bourgeois society, which "is in all respects, nothing but an art of robbing the poor and putting more money in the pockets of the rich" – Afanasyev (1982).

Fourier was aware that an exacerbation of social contradictions could lead to a people's revolution that would sweep capitalism away. Fourier's notions of achieving the new society could be achieved by expounding socialist ideals, by gradual reform of capitalist society.

Robert Owen (1771-1858) was the first English utopian socialist to actively participate in the working-class movement. He made his mark as an enlightener of the workers of his country. As a manager of the large New Lanark textile factory Owen instituted improvements in the material and everyday life of the workers: he reduced the working day to ten and half hours instead of the 13-14 hours then prevailing in England, organised the world's first nursery and kindergarten for the children of workers, opened a model school and set up a hospital fund. Later when he was ostracised by official society for his socialist ideas, he devoted 30 years of his life to improving the life of workers. He organised a campaign in defence of worker's right. The adoption of the first Factory Act limiting child and female labour was due largely to his effort. Owen sharply criticised the

capitalist system, but considered that the social contradictions of capitalism stemmed from man's ignorance and delusion. He believed that with the spread of enlightenment people would turn to a new system that would ensure the best conditions for the life and moral improvement of man.

The transformation of utopian socialism to scientific socialism and revolutionary activities began with Karl Marx (1818-1883) and Frederick Engels (1820-1895) in Germany in the 1840s. This was a period of rapid development of capitalism, which had firmly established itself in some countries of Europe and North America, and of the growth of a new class, the industrial proletariat, and the beginning of its revolutionary struggle. Having vanquished feudalism, the bourgeoisie believed in the triumph and immutability of the principles of private property it had established. Then in 1848, sounded the words of the Manifesto of the Communist Party in which Marx and Engels pronounced the doom of capitalism. They showed how capitalism having created a powerful economy in the more developed countries, has also brought about rapid growth of the productive forces, swept away feudal partitions, and spread the system of exploitation throughout the world, making it particularly onerous and ruinous to the peoples of colonialized countries. In pursuit of profit the bourgeoisie expanded production, perfected machines, and improved technology in industry and agriculture. But these relations gave rise to forces that threatened the capitalist system with destruction. Marx and Engels brought

to light the basic contradiction of capitalism - the contradiction between the social nature of the process of production and private capitalist method of appropriation. Under capitalism, production is of a markedly social nature; millions of people, concentrated at the large enterprises, take part in this production, but the fruit of their work is appropriated by a small group of big proprietors. This concrete contradiction between the productive forces and the relations of production gives rise to crises and unemployment and calls forth an irreconcilable class struggle which enabled Marx and Engels to conclude that the socialist revolution was the necessary and only means of replacing capitalism by socialism.

The socialist, on the other hand, concentrated the means of production in the state thus, disallowing the private ownership of these means. In the socialist system the role of market forces is assumed by the central planning authority which determines what to produce, where and how to produce it as well as how, where, when and at what prices to distribute the produce.

The concept of mixed – economy as aptly observed by Professor I. Abdulsalami is a nebulous (vague) one. This is so because the establishment and management of this type of economic system is NOT based upon or guided by a coherent body of ideas that helps to minimize uncertainty or ensure predictable outcomes. Mixed economy is defined as an arrangement which permits the ownership and control of national

economic resources to be shared by government on one hand and private individuals and corporate groups on the other (Prof. Abdulsalami). The argument is that the system ensures a symbiotic not a parasitic relationship between the so-called "Private" and "Public" sectors of the economy. The conventional wisdom in Western World, United States of America and Japan favouring mixed economy for the developing countries like Nigerian, Ghana, India, Brazil etc. are for the following reasons:-

a) That the large initial social overhead capital projects which must be launched such as large plants like Kainji Dam or nuclear power plants, education, health, transportation, road networks, sea and airports etc. before development can begin is beyond the ability of private capitalists.

b) That the spirit of private entrepreneurship is largely lacking, therefore, government role is desirable.

c) That the indigenous private sector was relatively new, weak and inexperience and thus government has to initiate the lead.

It is pertinent to add here however, that the concept of mixed economy, which has already been described as nebulous is neither here nor there. This is so because every epoch in history is usually characterized by various mode of production existing side by side at the same time. Thus, existing at the same time are traditional mode of production, socialist mode of production and capitalist mode of production. Given this scenario therefore, a particular country or society or community could only be classified by the most dominant mode of production at that particular time in question.

This is so because the dominant mode of production will tend to dominate and subsequently neutralise and absorb the other less dominant forms of production in existence. A good example of this could be seen in the contact between the African traditional communal mode of production with the western capitalist mode of production. Almost everywhere within Africa today the weaker African traditional communal mode of production has almost given way to the dominant western capitalist mode of production. The social relation of production is that of capitalism while in some few countries the socialist modes of production exist, characterized by the socialist relations of production. In the real sense therefore, most African countries today could only be classified as capitalist or socialist countries depending on the dominant mode of production in operation in a particular country at a time. It is in this logic that the researcher wishes to classify Nigeria as a capitalist country. So the idea of a mixed economy is only farce meant to obscure the reality. A genuine economic ideology should enable the country adopting it to have a clear view of the economic goal the nation as a corporate unit desires to achieve and the best strategy available for the pursuit of that economic goal. The ideology should enable the people through the state that is the central government to progressively acquire effective ownership of and control over national resources, and to have greater certainty as to the trend or path of national socio-economic development.

The mixed economic system disallows a comprehensive planning as a whole by encouraging not only the powerful private sector to thrive along side government sectors but also by encouraging a competition between both sectors, that inevitably leads to a "Parasitic dominance" of the former over the latter. This partly accounts for the privatisation and commercialisation of public enterprises currently going on in Nigeria under the guidance of a Technical Committee. This Technical Committee for Privatisation and Commercialisation (T.C.P.C.) is authorized to implement privatisation and commercialisation programme by organizing divestment of government holding in public enterprises and processing access to ownership of such holdings by diverse groups and individuals across the country. This process actually, started as far back as 1972 with the indigenisation policy backed by enterprises promotion decree of 1972. This policy measure, sought to transfer ownership and management of selected economic enterprises from foreign to indigenous investors. Efficient utilization of the country's scarce economic resources and accelerated rate of industrialization (Development) was not the immediate aim of the policy makers. On the contrary, that wholesale and unplanned indigenisation process has had long term decelerating effect on the country's economic development. The only visible consequences of the 1972 indigenisation policy was the strengthening of the economic base of the indigenous class of entrepreneurs and the further widening of the income gap between them

and the vast majority of the population of this country. This process is now being crown with the privatisation policy, courtesy of Structural Adjustment Programme (SAP) began by the last Babangida's military junta.

Mixed Economy is defined as a situation whereby the economy of a country concerned is characterized by the mutual co-existence of public and private sectors. In other words this system of economy accepts and encourages participation by both private and public investors in the economy.

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CHAPTER THREE

Historical Background and Organisation Structure of Borno Investment Company Limited

3.1 Historical Background and Organisation Structure

One of the major problems confronting the government of Borno State over time was and is the compelling challenge to improve the socio-economic conditions of the teeming number of its people living in both urban and rural areas of the state. The Borno State Government recognised the futility that total reliance on statutory allocation coming from the centre could undermine its ability to perform its functions effectively and efficiently to its people as a result of poor economic base. Hence, the need to acquire and sustain an investment company that would be a catalyst in broadening the investment and economic base of the state and consequently leading to the economic growth and development of the state economy.

a) The Company:

It is within the above context that the Borno Investment Company Limited (BICL) was incorporated in February 1981 as a private limited liability company wholly owned by the Borno State Government. The company started skeletal services in January 1987 and in April 1987 it formally commenced business with an authorized capital of ₦3.5 million divided into 3.5 million ordinary shares of one naira each under a General Manager/Chief Executive

and some staff posted to the company from Ministries of Commerce and Industries, Finance and Economic Planning and Justice.

Later all posts were advertised and the posted staff applied and those that were adjudged component were recruited by the company. The company presently has its temporary office at building No. 10 Nguru Road near Leventis stores Maiduguri. A site has also been acquired at the financial district from the Ministry of Land and Survey and all compensation paid and the area has been fenced. Sketches for the office complex was made by five architectural firms and it is at present with the state chief Architect for necessary comments.

In the 1989 budget, the State Government approved the sum of 10 million naira for BICL to be used for: -

a) Investment Promotion and Supervision;

b) Finance, and Accounts and

c) Administration and Legal

(See appendix for organisational chart of BICL)

b) <u>Objectives of the Company:</u>

The main objectives of the company briefly started are viz:

i) To stimulate the promotion of both private and public investment in order to hasten the economic and industrial growth and development of the state.

ii) This will be achieved by promoting, financing and implementing viable small, medium and large scale projects

in manufacturing, commercial, financial and service sectors of the nation's economy through equity and loan investment;

iii) The company also is to manage government portfolios or investment in both private and public companies.

c) Scope of Operation:

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The scope of operation among others include:

i) To monitor and manage government investments in public companies/corporations;

ii) Provide investment information and expertise to government agencies/private investors.

iii) Provide for a fee financial and technical advise to private individuals and companies in the form of feasibility studies or otherwise and assistance to a company in which it has investment.

iv) Provide company secretariat and legal services and

v) Other services are provided according to special circumstances and BICL maintains a flexible operating policy to accommodate a broad range of requirements.

d) Investment Policies and Strategies:

Borno Investment Company Limited will consider investing in a project if it satisfied the following conditions:

i) The project must be technically feasible, commercially viable and self-sustaining.

ii) Project sponsors must be individuals or institutions of proven integrity.

iii) Portion of equity capital of the project be provided should be provided by the project sponsors.

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ii) Project sponsors must be individuals or institutions of proven integrity.

iii) Portion of equity capital of the project be provided should be provided by the project sponsors.

iv) The project must assist the economic development of the country by providing or engaging in one or all of the following: -

a) Employment
b) Import substitution
c) Export promotion
d) Local sources of raw materials
e) Development of local enterprises and entrepreneurship;
f) The project must not conflict with national economic objectives and policies.

v) The project must be assured of competent management along with technical expertise if this is required by the nature of the operations.

vi) Where foreign management is involved the project should provide for comprehensive training programme of Nigerians with a view to taking over.

vii) BICL shall at least have a board seat and/or participate actively in the management of the project

viii) BICL invest only in limited liability companies, and

ix) Any other conditions that are found appropriate during negotiations.

e) Terms of Investment

In accordance with its investment policy, the company will consider providing finance to a project according to the following terms:

(i) Financing is normally made up of an equity or loan investment.

(ii) The equity participation is usually not less than 10% of the share capital of the company.

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In accordance with its investment policy, the company will consider providing finance to a project according to the following terms:

(i) Financing is normally made up of an equity or loan investment.

(ii) The equity participation is usually not less than 10% of the share capital of the company.

(iii) The loans shall be repayable over a maximum period not exceeding seven (7) years inclusive of a moratorium period of not exceeding 2 years;

(iv) The interest rate is flexible and it depends on the sources of funds and Central Bank of Nigeria's rediscounting rate.

(v) The loans shall be secured by a first charge over fixed assets of a project and a second charge on floating assets where necessary. Loans granted by the company must be used for the purpose of acquiring fixed assets only.

(vi) Where the company is actually involved in the identification and selection of joint venture partners, technical partners contractor for civil work etc. a facilitating fee of 1% of the total cost would be charged.

f) <u>The Management:</u>

The Managing Director, who is the Chief Executive, is responsible for the day to day running of the company. A team of management and senior officers comprising of Divisional and Departmental Heads for projects promotion and investment supervision, Finance and Accounts and Legal/Administration, assists him. The management is very important for the attainment of efficiency. The management is charge with the responsibility of implementing all the general and specific policies approved by the Board of Directors or government policy statements.

g) The Main Divisions of Company:

The three main divisions of the company are viz:

(i) Investment Promotion and Supervision Division:

This division, which is headed by the Investment Manager is viewed as the main operational arm of the company, charged with the responsibility of initiating, promoting, implementing and supervising all industrial and commercial projects to be pursued by the company. The division is further charged with writing feasibility studies for clients and raising investment finance from the capital and money market as well as setting up a data Bank.

(ii) Finance and Accounts Division:

This division is charged with the duties of implementing the finance/accounting policies of the company. It is also to ensure that good financial planning, adequate control, articulated management information system are maintained by the company. The division also assists in identifying sources of funds and finances for the company.

(ii) Administration/Legal Division:

The Administration/Legal division which is headed by the Company Secretary/Legal Adviser is charged with the responsibility of assisting the Chief Executive in running the administrative department, monitor junior staff records and welfare. The division also charged with the responsibility of giving legal advise, ensure compliance with the laws and regulations of the Federal Republic of Nigeria by the company and its officers and employees, drafting of legal documents etc.

h) The Board of Directors:

The Board of Directors of Borno Investment Company Limited (BICL) consists of nine (9) experience members chosen from varied sectors of the economy. All the directors but one, the

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Managing Director/Chief Executive are part time. The company thus, has a policy board, which considers and approves the programmes of the company, designs and interprets the strategies and objectives of the company. It also considers and approves the annual budget and capital expenditure of the company. The board is charged with the responsibility of appointing the senior management staff of the company and empowered to direct and guide the management on matters of priority in order to achieve the objectives of the company. It also acts as a link between the company and the government. It is in view of these crucial functions of Board of directors that the Federal Government of Nigeria stressed the following factors in the appointment of board membership:

> *"The Board of a public corporation being a policy making organ, should be composed of men of suitable educational qualifications, ability, experience and integrity, who need not primarily, be selected on the basis of their political standing or affiliations"*[1].

3.2 Development of Public Enterprises in Nigeria:

The developments of public enterprises in Nigeria are without doubt a colonial legacy inherited or bequeathed at independence. During the colonial era governments department were established in the 1930s for the provision of essential infrastructural services necessary for the colonial exploitation of the national economy and viable societies. For instance, railways, ports, road networks, telecommunications etc were constructed in

such societies to facilitate the process of carting away of goods for onward shipment to Europe. The government had to provide these necessary infrastructures rather than the private sector for obvious reasons such as lack of capital, low profitability of such enterprises at their initial stage. These departments were later converted into corporations for the simple reason of ensuring effective and efficient management. Apart from these departments, the colonial government also established some commercial enterprises in the mining and processing industries.

In the 1950s development corporations were established and their activities dominated by large scale manufacturing in agro based and agro allied industries. These were in addition to the earlier established agricultural marketing boards in the 1940s spread in each of the then three regions and one at the federal level. As earlier mentioned they were set up to purely serve the interest of the colonial masters. One of the main functions of the boards was to make loans available to agents for the purchase of agricultural products such as cotton, groundnuts, hides and skins, rubber, cocoa, palm oil etc. for eventual export to western metropolitan centres.

Even though public enterprises in Nigeria were British colonial legacy bequeathed at independence, it was not until the decolonisation periods (1950s-60s) that the nationalist led government articulated a clear role for public enterprises as instrument for promoting national

development. On the eve of political independence the small Nigerian industrial scene was made up mostly of such low technology manufactures such as bakeries, oil milling, rubber processing, tanning, saw milling, etc. with this background the national and regional industrial policies for the development plans were formulated. These policies being pursued by government on industrial and infrastructural development were enunciated in the annual budget speeches, by finance commissioners and ministerial statements etc. this developmental role of public enterprises is set out clearly in the country's constitution of the Federal Republic of Nigeria (promulgation) Decree 1989. According to section 17 of the constitution the state shall ensure: -

(2) (a) The promotion of a balanced economic development including the diversification of industries and dispersal of industrial projects and infrastructural facilities through out the federation.

(b) That the materials resources of the community are harnessed and distributed equitably and judiciously to serve the common good of the people;

(c) That the economic system is not operated in such a manner as to permit the concentration of wealth or the means of production and exchange in the hands of few individuals or a group;

Immediately, after independence, the first Republic government came up with development policy articulated in the first National Development Plan document – 1962-68. Some of the summarised objectives of the national development plan were: -

(i) To stimulate the establishment and growth of industries that contributes both directly and materially to economic growth.

(ii) To enable Nigerians to participate to an ever increasing extent in the ownership, direction and management of Nigerian industry and trade.

The plan also elaborated policy instruments and specific measures for achieving the stated objectives viz:

(a) Government was to provide funds for direct participation in industries.[2]

With this policy therefore, both the federal and regional governments established several development enterprises in agriculture, mining, manufacturing, transportation and banking and insurance.

With the demise of the first republic and the eventual emergence of the military at the helm of political control in 1966, the second National Development Plan for reconstruction and development – 1970-75 and successive plans continued more vigorously some of the objectives laid down during the first development plan and added other policy goals in keeping with the overall development strategy. In 1967 there was the creation of twelve states, followed in 1976 with the creation of nineteen states then to twenty-one states in 1987 and to thirty in states in 1991. The notable development that followed all these state creations is the establishment of similar parastatals to the once obtainable in their former regions and states. In fact there also arose the necessity to establish new

ones to cater for new emerging issues or challenges confronting the new states. As a matter of fact this development was most pronounced during the period of the last Babangida's Military junta (1985-93).

Following immediately at the heels of the 1970s oil boom, was the indigenisation decree of 1972 amended in 1976 the purpose of which was to reduce foreign domination of commanding height of indigenous economy by transferring most of the enterprises to Nigerians. On realisation however, that fewer Nigerians could afford to buy shares, the Federal Government stepped in and bought majority of the shares from most of the affected enterprises such as in Union Bank, First Bank, United Bank for Africa, International Merchant Bank etc. At the same pace there followed the establishment of other Banks to enhance development of the various sectors of the economy. Such banks like Nigerian Bank for Commerce and Industries (NBCI), Nigerian Agricultural and Cooperative Bank (NACB) etc. emerged.

Since, independence to date public enterprises or co-operations have been accepted to all the successive governments in this country both at the national and state levels, hence, their developmental importance is not in doubt. The question now is not whether they should stay but rather how they could be made more efficient and effective as well as ensures public equity. This therefore, tends to explain the current ongoing privatisation

and commercialisation drive embarked upon by the Technical Committee on Privatisation and Commercialisation (TCPC).

The Federal Government has thus, classified the parastatals and enterprises into the following for the purpose of privatisation and commercialisation exercise: -

(a) Those to be fully privatised;

(b) Those to be partially privatised;

(c) Those to fully commercialised and

(d) Those to be partially commercialised.

3.3 History of Borno State:

Borno State has an area of 69.43sq.km and lies within latitude 11^{O}N and longitude 13.5^{O}E and one of the largest amongst the thirty states and the Federal Capital Territory, Abuja. The state occupies the greater part of the Chad Basin located in the North Eastern corner of Nigeria and shares boarder with the Republic of Niger to the North and Chad to the North East and Cameroon to the East. Within the country, its neighbours are Adamawa State to the South, Yobe State to the West and Bauchi State to the South West. Based on the 1991 provisional census figure the state has a population of about 3 million people.

The climate of the state is hot and dry for the most part of the year in the Northern parts while to the Southern part it is cooler or mild.

Majority of the people of the state are farmers, herdsmen, fishermen and civil servants.

The state is pluralistic in ethnic composition with rich but diverse historical and cultural heritage. For instance, the state has such ethnic groups like the Bura, the Chibok, the Kanuri, the Marghi, the Shuwa etc.

The state is essentially an agrarian state with hardly any industry employing workers of 100 and above. As a result of this development, the State Government is trying to transform the state into an agro-allied industrial economy. To achieve this objective, economic diversification is being pursued and encouraged so as to increase employment, income of the people and to achieve self sustained growth for the state economy.

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CHAPTER FOUR

Data Presentation and Analysis/Findings:

4.1 Data Presentation and Analysis/Findings:

Borno Investment Company Limited (BICL), being a public enterprise wholly owned by the government of Borno State was established to achieve certain objectives. Being a public enterprise it is supposed to act as a catalyst in transforming the socio-economic fabrics of the state. In a nutshell it is expected to lead in the development process of the state.

The main focus of this chapter is to evaluate the contributions of BICL to the socio-economic development of the state, between 1987-93.

In order to realise this objective (that is to test the hypotheses guiding this study) both primary and secondary data sources were used.

This chapter is divided into two sections based mainly on the two hypotheses to be tested.

4.2 Test of First Hypothesis:

The first hypotheses states that BICL's contributions to the state's industrial, financial and commercial development is as a result of the operational autonomy the company enjoys from the government.

In order to test this hypothesis, data for each of the year under study were obtained. Figures for the total annual subvention were obtained so also were figures for the total sum of the company's annual investment for each of the years under study. Responses obtained from survey

questionnaire and scheduled oral interviews with the management staff were used in the analysis.

4.2.1 Government Capital:

The promotion, financial and implementation of viable small, medium and large scale projects in manufacturing, commercial, financial and service sectors of the state economy is one of the objectives of BICL. This therefore, requires quite a substantial amount of investment capital. Given the dearth of private investors in the state vis-à-vis the imperative need to harness the state materials resources, promote planned and balanced socio-economic development squarely placed the task of providing BICL with such required investment capital on the shoulder of the state government. One such ways of making capital available to BICL is through government subventions. Table 4.1 below shows the total annual government subventions to the company for each year under study.

Table 4.1

Annual Government Subventions to BICL

Year	Subventions in Naira (₦)
1987	528,571.00
1988	869,970.00
1989	500,000.00
1990	1,467,433.00
1991	-
1992	-
1993	-
TOTAL	3,365,974.00

Sources: BICL annual accounts.

It can be seen from table 4.1 above that the subvention to BICL in 1987 was ₦528,571.00. The amount for 1988 shows an increase of ₦341,399.00 over the subvention of the previous year thus, representing 64.59% increase. By 1989 the amount of subvention the company received from the government was ₦500,000.00. This shows a decrease of ₦369,970.00 or 42.53% decrease on previous year's (1988) subvention. This was necessitated by the effect of the Structural Adjustment Programme (SAP) with its stringent measures towards public enterprises. The dwindling government revenue occasioned by world recession forced the government to adopt SAP framework policy, which stressed privatisation of public enterprises.

1990 witnessed a tremendous increase in the subvention that accrued to BICL. For the year 1990 ₦1,467.433.00 was received showing an increase of ₦967,433.00 or 193.49% over the previous year. SAP sought within a two-year period (July 1986-June 1988), to redress the distortion and imbalances inherent in the economy, by de-emphasising the country's unhealthy reliance on oil as its main source of revenue. At the end of the two-year period SAP programme was assessed and found that the programme has not improve the economy. The Structural Adjustment strategy of the World Bank was subsequently discovered that it is not meant for development instead it was essentially promoting a debt repayment strategy. For instance, it requires a country to increase exports and cut

down on imports so that she can generate surpluses not for investment but for debt repayment. This has meant pushing poor countries through corrections for the failure of the global system. This has meant an uneven distribution of the international adjustment burden. For instance the Americans are never forced to adjust.

Also as a result of the dogmatic monetarist view of the nature of the African and other Third World economic crisis there has been an imposed model that has led to a lot of suffering for nothing. The World Bank has been in control of the adjustment process for more than 10 years. The best result the bank can show is four to five percent non-sustainable growth in very few countries. Besides the countries concerned get heavily indebted as investment from external sources increases. Then there is the collapse of domestic savings for local government. The debt from international financial institutions cannot be written off. Sooner or later repayment must begin – Thandika Mkandawire Executive Secretary Council for the Development of Economic and Social Research in African (CODESRIA). The situation prompted many to advocate for the cancellation of SAP as a policy framework and by 1990 the state government had a change of mind as regard some of SAP policies, hence the increase in the subvention to BICL. Also the privatisation exercise going on in the country necessitated the government to release money for the purchases of shares on behalf of the government and citizens of the state.

As can be seen from the table 4.1 the last three (3) years under study that is starting from 1991-1993 never witnessed the receipt of any subventions from the state government. The creation of Yobe State out of the previous Borno State disrupted the flow of subvention to BICL. The sharing of assets of BICL between the two states disrupted the company's operations. During this period subvention ceased to flow to the company. Coupled with this sharing of assets was the transfer of the Managing Director to Yobe Investment Property Development Company (YIPDEVCO). The resultant effect was the slowing down of BICL activities at the head office.

4.2.2 Investment by BICL

In view of the great task bestowed on BICL to act as a catalyst in the transformation of the socio-economic fabrics of the state, the company since it started operations has witnessed a changed in tempo of investment activities especially in the areas of share acquisitions, project financing and implementations etc. Table 4.2 below shows BICL annual business investments during the years under study. These investments were in shares quoted on the stock exchange market as well as in the resuscitated hitherto dormant industries in the state such as Borno Wire Industry, Neital shoe factory, Borno Clay Industry etc.

Table 4.2

BICL's Annual Business Investments

Year	Subventions in Naira (₦)
1987	-
1988	-
1989	1,660,561.00
1990	1,001,690.00
1991	480,000.00
1992	100,000.00
1993	-
TOTAL	3,242,251.00

Sources: BICL annual accounts.

The table 4.2 above shows that in 1987 and 1998 BICL did not carry out any investment. This was as a result of the problems usually associated with newly established enterprises, such as acquiring site, recruitment of competent staff, setting up the organisational structure which is vital to ensuring the success or otherwise of any business enterprise, the shuttling involved in trying to get the government to release the required capital for the take off etc.

In 1989 BICL invested ₦1,660,561.00 and in 1990 the investment capital dropped to ₦1,001,690.00. There was a decrease of ₦658,871.00 or 39.68% on the previous year's investment. In 1991 there was a substantial decrease in the amount which stood at ₦480,000.00 which shows a decrease of ₦521,690.00 or 57.08%. In 1992 only ₦100,000.00 was invested showing a further decrease of ₦380,000.00 or 79.17% on the previous year's investment and in 1993 there was no investment at all.

As could be seen from the figures in table 4.2 the amount of investment by the company keeps dropping. The reason given by the management for this fall was the effect of Structural Adjustment Programme (SAP) which policy framework was biased against public enterprises. SAP policy framework stressed rationalisation or cost consciousness on the part of government especially with public enterprises in a nutshell SAP policy advocated privatisation of most public enterprises. It thus, became difficult then to get the government to release money to public enterprises. This substantial drop in the amount of investments began in 1991 to 1992 and culminating in no investment in 1993. There was in addition to effect of SAP, the issue of sharing the assets of BICL between Borno State and Yobe State just created out of the former Borno State. This singular issue of assets sharing with all it's bickering almost marred the smooth operations of BICL.

As could be seen from tables 4.1 and 4.2 on comparison shows substantial differences between government annual subventions to BICL and her actual investment amounts. In 1989 the company's investments exceeded what accrued to the company as subvention by ₦1,160,561.00. It was only in 1990 that shows that government subvention exceeded the company's investments by ₦465,743.00. In 1991 and 1992 the company was able to invest ₦480,000.00 and ₦100,000.00 respectively, even when there was no subventions accruing to the company. BICL was able to

finance some of her business investments in excess of the subventions that accrued to her from interest on deposits and dividends that accrues to the company due to her management of government portfolios or investments in both private and other public companies whose share transfers were completed in 1989. The data collected show that the company (BICL) was able to invest in the following business enterprises during the year under study.

Borno Investment Company Limited Quoted Investments Schedule Vii

	Bal. as at 31/12/92		
	No. of Shares	**Total Cost ₦**	**Total Mkt. Value. ₦**
African Petro. Nig. Plc	158,400.00	180,576.00	772,992
Union Bank of Nig. Plc	20,969.00	14,678.00	16,566.00
Nig. Oil/Chem. Co. Plc	123,200.00	184,800.00	739,200.00
SCOA Nig. Plc	33,000.00	19,800.00	17,160.00
United Nig. Ins. Plc	80,520.00	96,624.00	199,690.00
Royal Exchange Assu.	87,226.00	97,694.00	315,758.00
British Amer. Ins.	21,560.00	23,716.00	68,992.00
Niger Ins. Co. Plc	40,750.00	48,620.00	123,472.00
Ashaka Cement Co. Plc	7,925,775.00	1,785,300.00	29,087,594.00
Lion Bank of Nig. Plc	11,619.00	6,507.00	8,133.00
UAC Nigerian Plc	1,888,961.00	2,833,442.00	12,693,818.00
Guinness Nig. Plc	242,550.00	195,388.00	722,799.00
Vono Products Plc	13,297.00	6,183.00	36,966.00
Nig. Bottling Co. Plc	460,152.00	712,597.00	1,780,788.00
Leventis Moors Plc	63,643.00	38,185.00	31,821.00
John Holt Nig. Plc	297,219.00	371,525.00	802,491.00
Dunlop Nigerian Plc	18,551.00	32,278.00	89,045.00
A.G. Leventis Plc	297,270.00	147,525.00	258,958.00
Bewac Nigerian Plc	217,916.00	105,443.00	108,958.00
United Nig. Texil Plc	23,562.00	7,167.00	11,781.00
American Int. Ins. Plc	108,601.00	54,300.00	336,663.00
R.T. Briscoe Nig. Plc	82,500.00	86,625.00	108,075.00
Unipetrol Nig. Plc	132,000.00	264,000.00	776,160.00
TOTAL		**7,312,583.00**	**49,107,880.00**

NB: Balance as at 31/12/92 exclude all transfer to YIPDEVCO (Yobe Investment & Property Development Company Limited). Source BICL.

Borno Investment Company Limited
Unquoted Investment
Schedule Viii

	Bal. as at 31/12/92	
	No. of Shares	**Total Cost (₦)**
Premier Commercial Bank Plc	275,000	275,000
Vegetable food Products Ltd.	275,000	137,300
Lake Chad hotels Limited	1,550,000	550,000
Disc. Computer Canada Ltd.	1,110,000	1,110,000
Nig. Technical Company Limited	277,200	277,200
Dorman Long Engineering Ltd.	154,721	77,200
Steyr Nigeria Limited	367,510	367,510
Savannah Suger Company Ltd.	1,998,843	1,998,843
Stirling Civil Engineering Ltd.	140,908	281,816
Lion of Africa Ins. Co. Ltd.	895,956	348,427
Maiduguri Flour Mills Ltd.	2,622,400	1,311,200
Epic Investment Company Limited	137,500	137,500
Nigeria Food Company Limited	-	448,343
Shahel Product Nigeria Limited	100,000	100,000
TOTAL		**6,420,701**

NB: Balance as at 31/12/92 exclude all transfer to YIPDEVCO. (Yobe Investment & Property Development Company Limited). Source BICL.

Information collected shows that BICL has since begun to reap some financial benefits from her prudent investments in both quoted and unquoted companies. This according to the management has been as a result of the investment autonomy the company enjoys from the state government. Judging from the macro perspective these benefits are yet to be fully felt in the socio-economic fabric of the state possibly because of

the limited capital scope presently involved in BICL operations. It is in view of this that there is the need for more investment capital from the government as the company has shown that great prospect lies ahead given the same investment autonomy the company now enjoys. In a nutshell this will definitely boost the economic base of the state.

The data collected show that from 1987 to 1993 the years under study, BICL collected subventions from the government amounting to ₦3,365,974.00. Out of this the company prudently invest ₦3,242,251.00 in business enterprises now yielding some benefits to the state government as shown by table 4.3 below.

Table 4.3

BICL's Annually Generated Revenue and Expenditure

Years	Gen. Revenue in Naira ₦	Expenditure ₦
1987	528,271.00	318,460.00
1988	931,434.00	428,430.00
1989	2,757,136.00	865,100.00
1990	7,152,796.00	1,324,483.00
1991	6,033,442.00	1,271,174.00
1992	3,586,936.00	1,124,154.00
1993	4,106,688.76	1,102,166.00
TOTAL	**25,097,003.76**	**6,433,967.00**

Source: BICL annual accounts.

The company has since 1991 ceased to receive any subvention from the government. In spite of this development the company has continued to generate her own revenue both for investment and smooth functioning of the organisation. As could be seen from the last three (3) years under study

BICL was able to depend less on the state government for funding thus, enabling the company to enjoy a relatively greater autonomy. However, any reverse situation would probably entail a corresponding lost of autonomy and will thus give credence to the dictum that says, "He who pays the piper, dictates the tune". Given this favourable development by the company, more sources of investment capital should be explored for more investment diversification, as is the case with other business conglomerates such as Northern Nigerian Development Company (NNDC).

4.2.3 Financial and Operational Autonomy and Tax Returns

In order to know whether financial and operation autonomy has enhanced BICL's contributions to the socio-economic development of the state, data were collected from primary and secondary sources from the management staff of the company and thoroughly analysed.

The BICL being a public company incorporated, as a private limited liability company is one of the few public organisations, which is enabled by the statute to operate as any other limited company under the company laws. This thus, allows the company's management a free hand to take decisions, which is considered most appropriate to achieving the stated objectives of the company. This has enable the company to consolidate its management style and investment operations within the period of five years tax holiday granted the company by the state government and has since started to pay tax returns to the state government. See table 4.4 below:

Table 4.4

BICL Annual Tax Remittance to the State Government

Year	Amount of Tax in Naira ₦
1987	-
1988	-
1989	-
1990	-
1991	-
1992	736,855.00
1993	861,322.00
TOTAL	**1,598,177.00**

Source: BICL Accounts.

It is worth stressing that given the relatively short stretch of time with the establishment of BICL, the company deserved commendations for registering over ₦1.5 million-tax remittance to the state government within two years since it commenced tax remittance. Beside the company is reputed within the financial institutions to be one of the few Borno State parastatals still with enough good will capable of raising real substantial capital from the financial institutions as a result of its viability and investment holdings. Table 4.5 below shows the management responses as regards the effect and degree of control exercised by the state government over the company's financial and administrative operation as to whether this impedes or enhances the company's efficiency in its operation.

Table 4.5

Effect and Degree of control Exercise by the Government on BICL

Government control exercised on each of the company's area of activities stated	No of management respondents that said high degree of government control impedes the company's operational efficiency.	No of management respondents that said low degree of government control enhances the company's operational efficiency.
a) Investment Transaction	-	11
b) Financial Transaction	-	11
c) Administrative Operation	-	11

Source: Research Survey

From table 4.5 could be seen that all the management respondents agreed 100% that the government of Borno State exercise low degree of control in all the areas of activities stated in the table above that is as regards investment, financial, and administrative operations. Data obtained from interview observed that some times the only major problem lies with the sort of calibre of the chairman and directors that are appointed to the Board of Director of the company. It has been observed that when inexperienced and naïve persons are appointed at the helm of affairs of Board of Directors of the company it tends to suffer professional ineptitude in terms of policy formulation and acute lacking of the necessary wherewithal business experience vital factors that usually account for the

success of such company. The management argued that most of its major decisions require high professional, technical expertise and wealth of experience in similar organisations in order to excel in the business of today.

It could be concluded from the data that BICL operates efficiently as a result of low degree of control exercised by the state government thus, resulting in achievement of the set of objectives of the company that is the promotion, financing and implementation of viable small, medium and large scale projects in manufacturing, commercial, financial and service sectors of the nation's economy through equity and loan investment. This in essence shows high degree of autonomy, without which most of those investments in BICL's quoted and unquoted investment found in schedules vii and viii above would not have been possible. All investments so far carried out by the company were carried out by the management staff with little or no interference from the government. All investments were purely based on the strength of their, economic viabilities especially those shares bought at the Nigeria Stock Exchange Market.

Going by the analysis of the qualitative and quantitative data presented above it could be summed up that BICL during the years under study relied on the state government for most of its initial investment capital which has started yielding some benefits as shown in tables 4.3 and 4.4 and schedules vii and viii. Given this prudent management of the scarce resources at the disposal of the

company vis-à-vis the role the company is expected to play as a catalyst in stimulating or setting the pace in the socio-economic development process of the state, there is the need for the state government to still pump in more capital for more diversified investment thereby building a solid economic base capable of effectively contributing to the socio-economic development of the state just as NNDC is now effectively contributing to the economic growth of the national economy. These relative satisfactory contributions registered by the company were made possible only by the low degree of control exercise by the state government especially as it is operative within the realms of the company's investment, financial and administrative operations. This shows that the management of the company enjoys reasonable degree of autonomy. These findings have verified our first hypothesis and it is therefore accepted.

4.3 Test of Second Hypothesis

The second hypothesis states that BICL's contributions in the area of revenue generation, tax remittance, employment and consultancy services has led to economic growth and the subsequent lowering of unemployment and poverty in the state.

To test this hypothesis, data for BICL's employees, number of its employees trained as well as the number of employees of resuscitated industries and the number of infrastructures provided by the company were obtained and analysed. Finally, BICL's areas of economic activities as they

relate to employment and development were analysed and conclusions were drawn.

4.3.1 BICL's Staff Strength

The total staff employed by the company is shown below in table 4.6. At a glance it shows the number of employees of the company for each year under study.

Table 4.6

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BICL's Staff Strength

Year	Senior Staff	Junior Staff	Total
1987	-	-	-
1988	8	27	35
1989	7	22	29
1990	11	34	45
1991	11	38	49
1992	11	36	47
1993	11	32	43

Source: research survey.

As can be seen from table 4.6 above there was no record of the number of employees for 1987 while the total number of BICL employees for 1988 was 35. By the following year that is in 1989 the number of employees dropped to 29 showing a decrease of 6 or 17.14%. In 1990 the staff strength increased to 45, a difference of 16 or 55.17% increase over the previous year. By 1991 there was yet an increase in the staff strength by 4 or 8.89%. The subsequent year 1992 witnessed a decrease of 2 or 4.08% over the preceding year (1991). Finally, the table shows yet another

fall in respect of the number of employees in 1993, where a decrease of 4 or 8.51% was registered from the previous year.

The staff strength of BICL has continued to fluctuate as shown in table 4.6 during he years under study. However, this fluctuation on the average shows that the company employed more persons than those that left for greener pastures or lost their jobs with the company. It can be observed from table 4.6, the staff strength of BICL since its inception to date, has not been and still is not large enough vis-à-vis the general unemployed labour force of the state for three obvious reasons. One of the reasons given for the low employment capacity of the company as shown by the data for the years under study, is the relative young status of the establishment. The other reason was given as the difficult period the company come into existence that is the era of the Structural Adjustment Programme (SAP). The stringent policy framework of SAP, calls for restructuring of public enterprises by reducing government roles in the economic sector of the country through the process of privatisation and commercialisation of most public enterprises. The final reason is the continuous loss of trained professional to the private sectors, Banks and other well established public sectors that offer higher pay. These reasons not withstanding table 4.6 shows that BICL has been able to maintain relatively consistent staff strength.

4.3.2. BICL Staff Development

The company has identified low level of labour skills as the bane of modern business transactions. So in order to succeed in today's modern business transactions there is the need to tackle this ugly phenomenon. It is in recognition of this fact that the company embarked on staff development programme for its employees. This is done by sponsoring some of its employees to higher institutions of learning through out the country for qualitative training through the in-service training programme. In-service training programmes scheme is designed to improve worker's knowledge, productivity and efficiency. Recommendation is guided by the department needs. There is also the on-the-job staff training development programme whereby qualified outsiders or senior management staff are called upon to train or deliver paper on relevant topics beneficial to the company staff. This staff training/development programme of the company is for all intents and purposes to constantly up-date the skills of its employees to cope efficiently with the ever-increasing business challenges.

Table 4.7
BICL Staff Training:

Year	No. of Senior Staff Trained	No. of Junior Staff Trained	Total
1987	-	-	-
1988	-	-	-
1989	-	-	-
1990	03	09	12
1991	02	07	09
1992	01	04	05
1993	01	05	06

Source: research survey.

Table 4.7 above showed the total staff trained by the company for the years under study. The data above high lights (by number trained), the importance the company attached to training both cadres (senior and junior) of its workers. This development programme has gone a long way in boosting moral of workers thus, almost every worker do identify with the realisation of the company's set objectives through work dedication.

4.3.3 Services Rendered by BICL

The company according to the data collected do carry out feasibility studies for the local government councils in the state, private individuals as well as corporate bodies. The company also renders advisory services to clients having project ideas such as cottage industry, small foundry industry etc. The company also helps its clients with the preparation of job descriptions and conditions of service schedules. Releasing loans to civil servants working for Borno State Government to buy shares in the on going privatisation exercise. So far ₦2 million loans have been disbursed to beneficiaries.

4.3.4. Infrastructures Provided By BICL

Owing to the relatively young status of BICL coupled with lack of sufficient capital, the company is yet to establish any social infrastructures in any part of the state as indicated by the data collected. In order to attract investors to the state however, the company has completed plan

arrangement for the establishment of industrial estates throughout all the local government head quarters in the state. The company will soon embark on the provision of basic infrastructures and amenities such as water, electricity, access roads and drainage. In this regards contract has been awarded for the development of a standard industrial estate at Pompomari, Maiduguri at a cost of ₦8.5 million. Construction work on the roads and drainages are in progress. The industrial estates are demarcated into industrial plots for allocation to willing and able industrialists. These is done with a view to reducing the initial cost burden on the investor and thus, serve as investment incentives to prospective investors to the state.

4.3.5 BICL areas of economic activities in relation to unemployment and poverty

The promotion, financing and implementation of viable small, medium and large scale projects in manufacturing, commercial, financial and service sectors of the nation's economy through equity and loan investment is one of the company's objectives. These areas of economic activities promote economic growth and employment, which in turn leads to high standard of human development.

Table 4.8
BICL's Resuscitated industries in the state

No. of Industries	Name of Industries	Amount ₦
1	Nigeria Food Co. Ltd. Maiduguri	1,500,000.00
1	Borno Wire Industry Maiduguri	1,000,000.00
1	Neital Shoe Factory Maiduguri	2,000,000.00
1	Maiduguri Flour Mills	2,500,000.00
1	Borno clay Products Ltd. Maiduguri	1,000,000.00
	Total	8,000,000.00

Source: research survey.

The management of BICL said at present they are concentrating on the acquisition of shares in viable business organisations and resuscitating hitherto dormant industries rather than on establishing an entirely new industry principally, because of the huge capital cost and foreign exchange such project will required for the procurement of machinery which unfortunately is not readily available to the company at the moment.

Data showing BICL's investments, outlined in schedules vii and viii and table 4.5 above showed the company's investment in manufacturing industries, finance and commerce sectors of the economic.

The quantitative data gathered from the survey shows the BICL has got variety of investments in economic ventures spread throughout the country and beyond. Within Borno State the company has investments in Neital. Shoe Factory Maiduguri, Borno Wire Industry Maiduguri, Borno Clay Products Limited, Vegfru Nigeria Limited Jauro Garba Biu, Premier Commercial Bank Plc, Lake Chad Hotel Maiduguri and Maiduguri Flour Mills Limited. Thus, BICL's real contributions to the socio-economic development of Borno State could be gauged from the employment statistics of the industries the company helped to resuscitate. See table 4.9 below:

Table 4.9

Resuscitated Industries' Staff Strength

S/No.	Name of Company	Senior Staff	Junior Staff	Total
1	Nigeria Food Co. Ltd. Maiduguri	14	73	87
2	Borno Wire Industry Maiduguri	8	52	60
3	Neital Shoe Factory Maiduguri	18	85	103
4	Maiduguri Flour Mills	26	96	122
5	Borno clay Products Ltd. Maiduguri	16	79	91
	Total	78	385	463

Source: research survey.

A glance at table 4.9 above reveals 78 senior staff and 385 junior staff employed i.e. a total of 463 staff are employed by the combined resuscitated industries put together. This is a healthy development for Borno State and the country in general as the company helps in ensuring development and alleviating the problem of unemployment and poverty. Apart from the company's monetary investments that keeps some of the organisations afloat together with their employee, the company also helps in placing workers of the state in business enterprises where she has shares, thus, helping in filling the state quotas such as in NNDC, Bank of the North etc. This in essence has helped in raising the living standard of the employees as well as their dependents. The company contributes its quota in alleviating unemployment and poverty in the state through resuscitating dormant industries enumerated above as well as its numerous investments in financial institutions, hotels and consultancy services and commerce. Thus, the company serves as a source of employment opportunity as well as

revenue generating public enterprise for the state especially given the backward economic realities of the state and the weak or low level private sector participation in the state economy.

Having analysed the data of the company's staff strength, and the resuscitated industries, staff development scheme, infrastructural contributions and its economic activities within the economy, it could be said that the company has contributed to alleviating unemployment and poverty within the state and thus the findings has verified our second hypothesis and is therefore accepted.

CHAPTER FIVE

Summary, conclusion and recommendation:

5.1 Summary

This study was essentially an evaluation of the contributions of Borno Investment Company Limited (BICL) in the development process of the state. To serve as a working guide to this study two hypotheses were formulated. For the purpose of the study both primary and secondary data were gathered and analysed. The data so collected were presented in table form and not too sophisticated descriptive statistical methods, mainly arithmetical sums and frequency distributions of responses were used to analyse the data. The qualitative data extracted from interviews conducted were used to facilitate analysis and understanding of the contributions of BICL to the development process of Borno State.

This study as earlier stated was guided by two formulated hypothesis whereby both primary and secondary sources of data were used. The sources of data consisted of administered questionnaire, interviews, published and unpublished materials. Two hundred and fifty (250) questionnaires were issued out to selected respondents in four selected local government councils of the state. Out of the number issued out 222 were returned. This represented 88.8% response, which is quite encouraging.

The findings of the first hypothesis showed BICL to have relied heavily on the state government for its investments capital in an attempt to

promote planned and balance socio-economic development especially, given the dearth of private investors within the state. Thus, in view of the great task bestowed on BICL to act as a catalyst in the development process, the company has carried out a lot of business investments (see BICL quoted and unquoted investments in schedules vii and viii). The data showed that the company as well as the state government has since started to reap some revenues or benefits from these investments (see table 4.3). This ability of the company to generate revenue from its investments makes the company less dependent financially on the government. This has thus, justified the establishment of the company, especially, by reducing the burden on governments scarce resources and at the same time ensuring the development process of the state in particular and the entire nation in general.

The findings of the first hypothesis also showed that the relative satisfactory contributions registered by BICL within this her short period of existence were made possible according to the management (100% in agreement) due to the low degree of control exercised by the state government. This thus, showed a relatively high degree of autonomy being enjoyed by the company in this functional areas viz, investments, financial and administrative operations.

The finings of the second hypothesis showed that BICL on the average employed more staff than those that left the services of the

company for one reason or the other. The company also through her varied investments has contributed to providing employment to other workers especially in the resuscitated industries within Borno State. The company has contributed in uplifting the quality of its staff through its training development programme. All these in essence have contributed in reducing unemployment level within Borno State, which in essence means a reduction in the poverty level also.

The major contribution of this study as the results have shown is in debunking the commonly held notion that "Public enterprises" in Nigeria and other Third World countries command a sizeable and growing share of public resources as well as being significant borrowers in domestic world credit markets without any significant returns or profits to show for it. Some public enterprises like BICL still perform creditably well and therefore do not deserve such sweeping condemnation. At least that should be done on individual basis based on facts available at one's disposal.

5.2 Conclusion

In conclusion this study wish to emphasise as the findings have shown that government should continue with its active participation in the economy because it has a role to protect the majority of its people who are weak and poor. Privatisation of public enterprises in Nigeria should be halted as a policy ethos. It runs contrary to the country's constitution of the Federal Republic of Nigeria (Promulgation) Decree 1989 – Section 17(2) b

& c. It is against this backdrop that the study advocates the role of public enterprise for three reasons:- to gain control of the commending heights of the economy; to promote critical development in terms of social gain of strategic value rather than primarily, or considerations of profit; and to provide commercial surpluses with which to finance further economic development.

To further enhance better economic performance by BICL in the development process of Borno State in particular and the country in general, the following recommendations have been proffered for possible adoption.

5.3 Recommendations

1. BICL as shown by the first hypothesis unlike most similar public enterprises in Nigeria, has continued to register substantial profits or benefits which has helped in augmenting the state government with essential fiscal receipts to back up its socio-economic development programmes. This investment however, on closer look reveals it to be lower in scope and quantum than is expected to cope with huge development task being faced by the state in this era of fast revenue deterioration accruing to state governments from the Federation Accounts. It is in view of this that we recommend that the state government should channel huge more capitals to BICL so to cash in on the fertile investment

opportunities (such as in pharmaceutical, real estate, soft drinks, soap and toiletries etc) prevailing now in the state, the country and the world at large.

2. During the course of this research a problem that came to light was the issue of inefficient and inexperience directors appointed to steer the business affairs of the company. This trend is capable of wrecking havoc on the company. The board of directors, it must be emphasised occupies a central place in the life of a business enterprise, for instance, it is unlikely that a sound management can evolve under a weak board, whereas a strong and competent board can eventually replace an incompetent management with one that is more purposeful and efficient. It is in view of this fact that we recommend to the government that the choice of directors for such a promising company henceforth, should be on the basis of suitable educational qualifications, ability, experience and integrity. Selection should not be on their political affiliation or other considerations.

3. The state government is hereby urged to continue to grant BICL management high degree of autonomy, so as to compete favourably with other similar limited companies. Theory and experience suggest that efficiency is greatest when an enterprise strives to maximise profits in a competitive market under managers with operational autonomy, sufficient working capital, motivation and capability to respond to the challenge of competition.

4. During the course of this research especially at the local governments level the people said they have not seen BICL investments in their areas. Some even said they have hardly heard of the existence of the company until the research. It is for this fact that we recommend that BICL endeavour to extend their investments to the local governments. Local consultants and advisers of the company should be established at the local government head quarters so as to facilitate contact between the company and local government chairman and local entrepreneurs, on the business opportunities that exist in those areas as well as enlighten the people on the benefits in carrying out business investment.

5. The Company could be made more efficient by emphasising probity and accountability in all its transactions.

6. Another recommendation which we wish to proffer to the government for adoption which will ensure spectacular growth of the economy such as found is East Asian economies such as Japan, Indonesia, Malaysia, South Korea and Thailand is the establishment of "The Deliberation Council". "A deliberative council is a consultative committee of businessmen, government officials, journalists, labour representatives and academics – a formal channel of communication for private sector representatives and government officials to develop a consensus on policies that govern an industry or sector"[1]. Ghana has got a similar forum known as "The private sector advisory groups" established in 1991 and has since

helped in policy reforms which has spurred the growth of the economy of Ghana ever since.

Some of the benefits of this deliberation council or forum include the following: improving the co-ordination among firms and the flow of information among businesses and governments; they also have political benefits, established the credibility of principles of shared growth and reduced rent seeking; through the councils, government, business, and labour have been able to collaborate in formulating and implementing growth promoting policies; all the participants share information, which in the absence of the councils would be privy to particular sectors (some times even to individuals); quickly transmitting changes in market conditions to the government, the councils can also disseminate policy refinements to deal with those changes; most important, the rules and regulations governing an industry or sector are made clear.[2]

Finally, further research into similar or follow up studies are recommended so as to correct or contribute further to the developmental aspect of public enterprises. The appraisal of the privatisation of public enterprises in the Nigeria is another suitable research area.

CHAPTER FIVE

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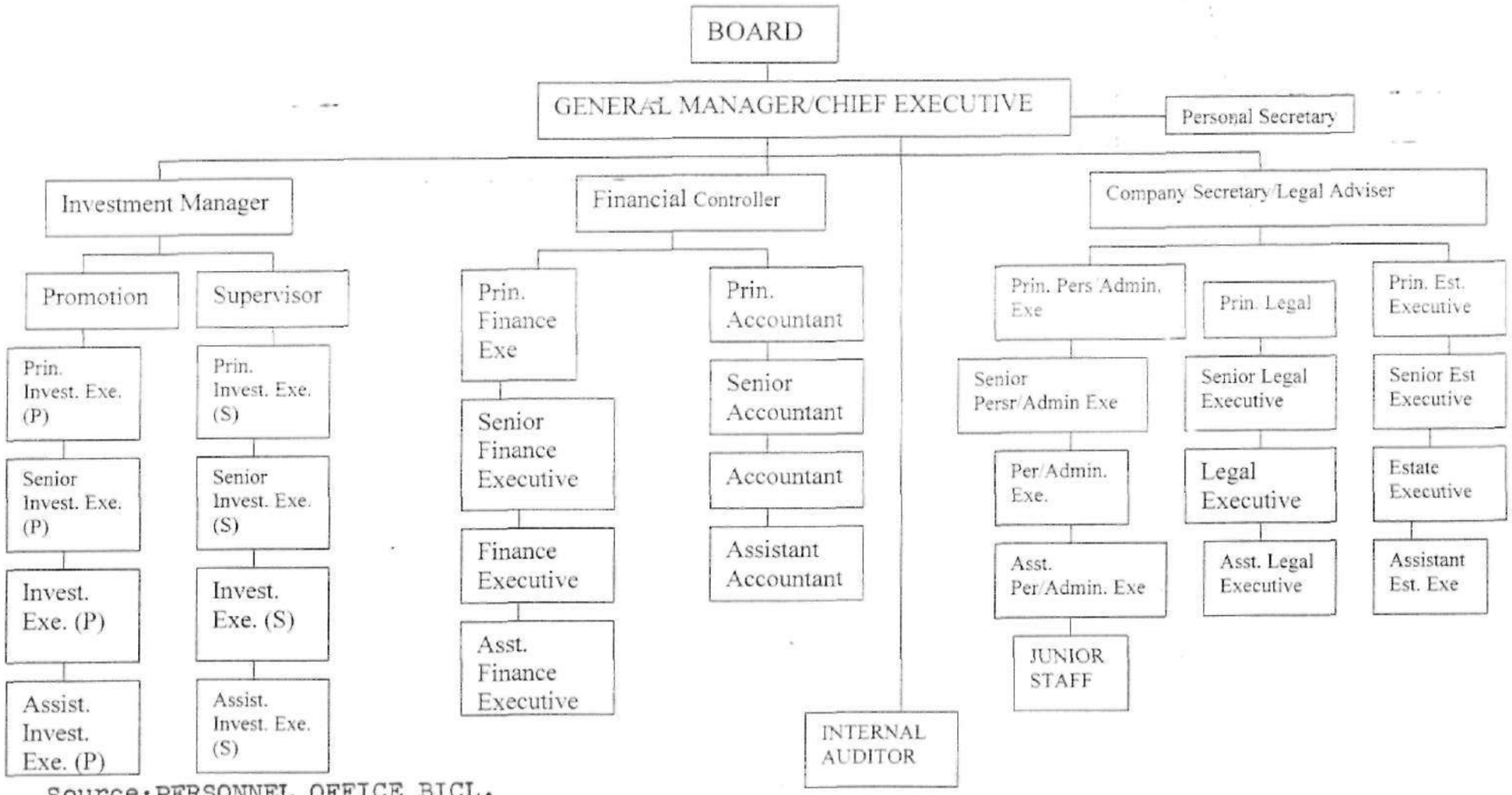
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APPENDIX 1

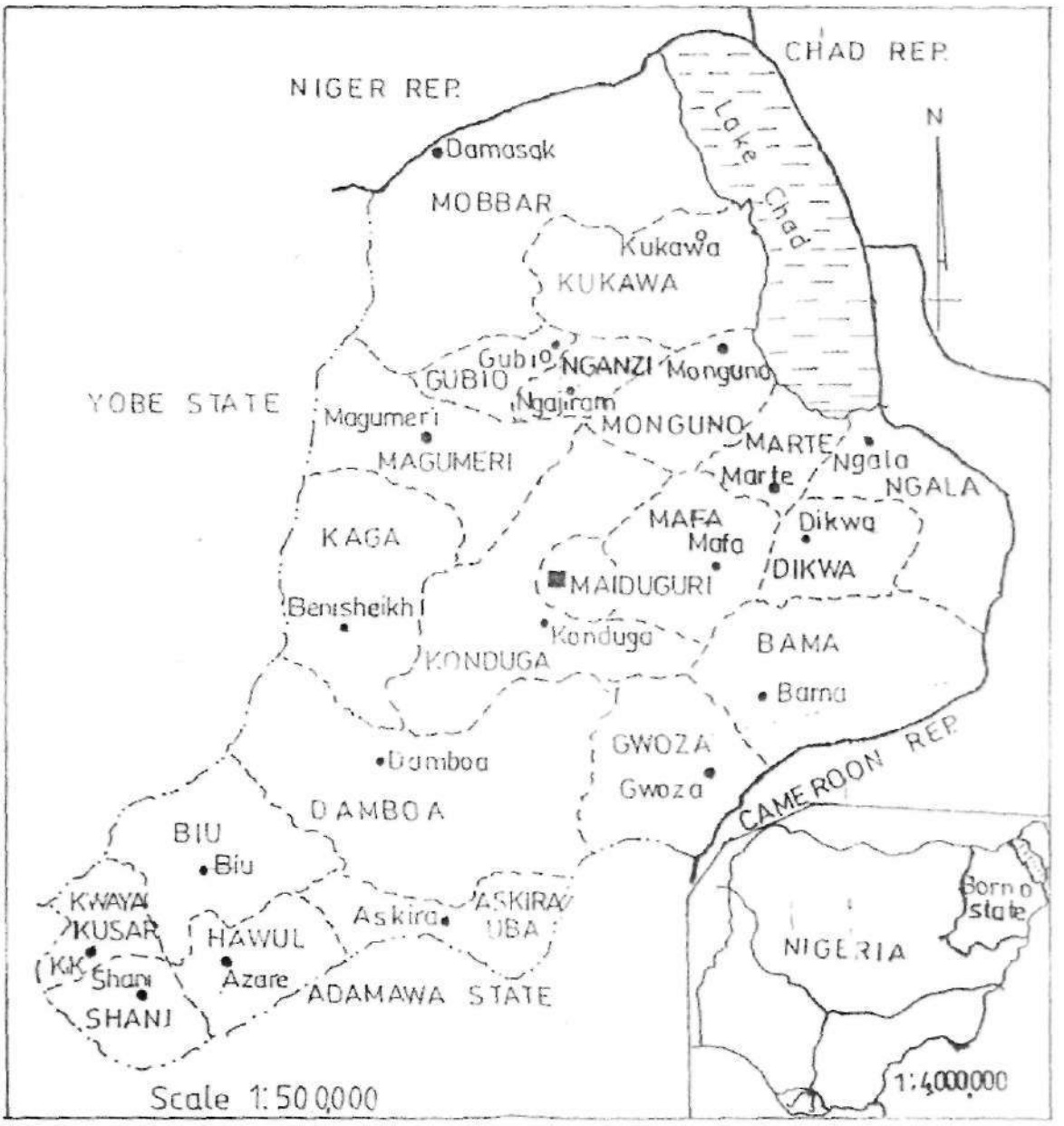
BORNO INVESTMENT COMPANY LTD
ORGANISATION CHART



Source:PERSONNEL OFFICE BICL.

APPENDIX 2

THE POLITICAL MAP OF BORNO STATE SHOWING THE 21 LOCAL GOVERNMENT AREAS.



APPENDIX 3

Department of Public Admin.
A.B.U., Kongo Campus,
Zaria.

May 1994

Dear respondent.

This research is being carried out as part of a study, "Evaluating the contributions of Borno Investment Company Limited in the development of State". It is a partial requirement for the award of Master's Degree in Public Administration (MPA), ABU Zaria.

The questionnaire that follows are just meant for the research purpose and no more. All the responses and identity of individual will remain strictly confidential.

I would appreciate your co-operation in filling out the questionnaire attached.

Thanks.

Yours faithfully,

JOHN A. MSHELIA

APPENDIX 4

Management Questionnaire: Evaluating the contributions of Borno Investment Company Limited (BICL) in the development of the State.

Introduction: Please Tick (/) as an answer to each question. Options are from (a) – (e). Others require filling.

1. When was the company established?

2. What are the objectives of the company?

   a) .....
   b) .....
   c) .....
   d) .....
   e) .....

3. How can you describe the relationships that exist between the operational departments in BICL?

   a) Excellent
   b) Very Good
   c) Fair
   d) Poor
   e) What is the staff strength of BICL

4. What is the staff strength of BICL

Year	Senior Staff	Junior Staff	Total
1987			
1988			
1989			
1990			
1991			
1992			
1993			

5. Is there any staff training development programmes of BICL

   a) Yes b) No

6. If yes, please state on annual basis the number of staff trained and currently undergoing training in institutions of learning.

Year	Senior Staff	Junior Staff	Total
1987			
1988			
1989			
1990			
1991			
1992			
1993			

7. What types of training development programme exist for staff?

a) .....
b) .....

8. How effective is the staff training deve opment programme?

a) Very Effective
b) Effective
c) Good
d) Fair
e) Poor

9. How many existing small/medium scale industries have benefited from BICL's technical and financial services?

a) .....
c) .....

10. How many functional projects has BICL so far invested in?

a) .....
b) .....

11. How would you rate the performance of the consultancy services?

a) Very Effective
b) Effective
c) Good
d) Fair
e) Poor

12. What are the sources of the company's operational funds.

a) .....
b) .....
c) .....

13. Briefly state the annual revenue generated by BICL vis-à-vis its expenditure.

Year	Total Receipt	Total Expend.
1987		
1988		
1989		
1990		
1991		
1992		
1993		

14. Do you think BICL has made some positive contributions in the development process of the state?

a) Yes b) No

15. If yes, state briefly the areas of possible contributions.

a) .....
b) .....
c) .....
d) .....

16. Does the company suffers from constant interference by the parent-ministry or state government.

a) Yes b) No

17. If yes, what is the degree of interference?

a) Very high
b) High
c) Little
d) None at all

18. How has the degree of interference by the government affected the following areas?

	Impedes Efficiency	Enhances Efficiency
Investment Finances Administration (Operation)		

19. Are there some problems that you think are militating against the realisation of the company's objectives?

a) Yes b) No

20. If yes, tick some of the problems outlined from A - E

i) Shortage of operational funds
ii) Shortage of qualified manpower
iii) Political interference
iv) Lack of financial autonomy
v) Lack of efficient and experienced directors.

a) i, ii, and iii only.
b) i, iii, iv and v only
c) i, iii, and iv only
d) iii, iv and above
e) All of the above.

21. How would you describe the communication channel between BICL and the various local government councils in respect of investment opportunities?

a) Effective
b) Very good
c) Good
d) Fair
e) Poor

22. How would you rate the performance of BICL since inception in terms of realising its stated objective?

a) Effective
b) Very good
c) Good
d) Fair
e) Poor

23. Briefly state the annual subvention accrued to BICL

YEAR	SUBVENTION IN ₦
1987	
1988	
1990	
1991	
1992	
1993	

24. Briefly state the annual investment carried out by BICL

YEAR	INVESTMENT IN ₦
1987	
1988	
1990	
1991	
1992	
1993	

25. State BICL annual tax remittance to the state government.

YEAR	AMOUNT OF TAX IN ₦
1987	
1988	
1990	
1991	
1992	
1993	

APPENDIX 5

QUESTIONNAIRE EVALUATING THE CONTRIBUTIONS OF BORNO INVESTMENT COMPANY LIMITED (BICL) IN THE DEVELOPMENT OF THE STATE.

INTRUCTION: Please tick (/) as an answer for each question from the options (A – E) provided.

1. Are you aware of the existence of BICL in the State?

   a) Yes b) No

2. If yes what activities do you associate with BICL:

   a) Promoting industrial growth
   b) Promoting Socio Economic Services
   c) Providing employment opportunities
   d) Providing financial and technical services to prospective investors in the state.
   e) All of the above.

3. Has BICL been involved in any project in your area?

   a) Yes b) No

4. If yes, in what type of project or in what capacity?

   a) In the establishment of small/medium scale industries.
   b) Provision of financial assistance to businessmen.
   c) Provision of social and infrastructural amenities such as schools, Health, services, electricity, good roads etc.
   d) Providing employment
   e) None of the above.

5. Have you in any way benefited from BICL activities?

   a) Yes b) No

6. If yes in what ways briefly.

a) .....
b) .....

7. Since the establishment of BICL has your social and economic well-being improved?

a) It has improved a little
b) It has remained the same
c) It has not improved considerably.

8. How would you rate the performance of BICL since its inception in terms of investment drive in your locality?

a) Excellency
b) Very good
c) Fair
d) Poor

9. Do you think BICL has made some positive contributions in the development of the state?

a) Yes b) No

10. If yes in what areas briefly

KASHIM IBRAHIM

a) .....
b) .....

11. Do you think BICL needs to improve upon her operations in your area?

a) Yes b) No

12. If yes, in what area of its operations?

a) In mineral exploitation
b) Establishment of industries
c) Promotion of viable businesses together with local private individuals.
d) Provision of technical and financial assistance to businessmen.
e) All of the above.