# THE ROLE OF PARASTATALS IN THE DEVELOPMENT OF KWARA STATE OF NIGERIA 1967- 1982 (THE CASE OF KWARA INVESTMENT CORPORATION (KIC) AND THE AGRICULTURAL DEVELOPMENT CORPORATION (A.D.C.)

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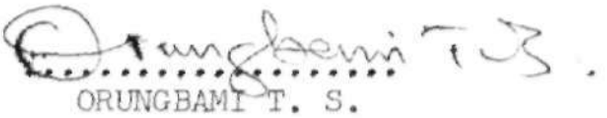
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DECLARATION

I declare that this dissertation is the result of my independent work, investigations and field survey conducted in Kwara State. Works of other authors are fully acknowledged wherever relevant.

I further declare that this dissertation has not been previously submitted and is not currently being submitted in substance for any other degree.



ORUNGBAMI T. S.

## D E D I C A T I O N

This humble work is dedicated first to the Almighty God, the source and giver of all knowledge, and my father, Mr. Solomon Okura Orungbami, a strong believer in knowledge, as well as, to my children, Ebun, Orunyomi, Omanale and Olorunfemi for their forbearance during my long absence which this programme has necessitated.

## A C K N O W L E D G E M E N T

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ABSTRACT

The primary motive for the establishment of Parastatal Organizations all over the world is to stimulate the rapid Socio-economic development of the society, but the general impression in this Country is that our parastatals have not performed this role adequately and datisfactority; while some people have questioned the wisedom of their continued existence and retention, others have expressed dismay at their indefinite multiplication. The purpose of this study therefore is to investigate whether or not and to what extent parastatals in Kwara State of Nigeria have performed the developmental functions for which they have been set up. It is also to ascertain the structural and environmental factors responsible for their alleged poor performance with a view to finding possible solutions to them so as to improve their performances. The Kwara Investment Corporation (K.I.C.) and the Agricultural Development Corporation (A.D.C.) were chosen as case studies for this research.

The Finding of this study have confirmed that parastatals, particularly K.I.C. and A.D.C. have performed to some appreciable degree the functions for which they are set up to achieve inspite of the scarce resources at their disposal and the apparent managerial problems militating against them. The K.I.C. for instance was able to promote, among others, the following

enterprises: The Midlands Supplies Company, the Savanah Concrete Industry, the Kwara Paper Converter, and the Kwara Food Production Company now A.D.C. **e.t.c.** while the A.D.C. similarly promoted the following projects:

The Cottage Feed Mill in Ilorin, the Poultry Projects in Ilorin and Ageva, the Rice Farm at Shonga, Rice Mill at Pategi and the Cassava, Maize and Citrus farms in Obbo-Ile and Ife-Olukotun just to mention a few. Their performances have however been inhibited by several factors among which are:

(i) irresponsible, undedicated and corrupt management

(ii) under capitalization of the Projects

(iii) poor attitude of staff to government work; and

(iv) over-burdening of the Parastalals with numerous responsibilities.

If Parastatals are to function effectively therefore, they must be properly constituted and funded, and also managed by honest, dedicated, competent and responsible officers.

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# CHAPTER ONE

## INTRODUCTION:

In this introductory chapter, the purpose and importance of this study and the methodology adopted will be discussed. An analysis of the scope of, and frame work for this research, as well as, the experience and difficulties of this researcher in the field, will be attempted. Finally a brief summary of the subject matter of each chapter of this report will be made.

Parastatals in Kwara State, and indeed the world over, are created with the objective and expectation that they will perform effectively and efficiently the developmental functions for which they are set up in order to bring about a rapid social change in the society. However, the experience of Kwara State, the country as a whole, and indeed, the entire developing countries of the third world, have not been encouraging as the general public and the governments that set up the organisations have complained very much on the inadequacies and unreliability of the services that they render to the society inspite of the huge government investments in them. For instance, the Nigerian Electricity Power Authority (NEPA) has been notorious for its inefficiency to such a degree that it has been nicknamed 'Never Expect Power Always' by some of its critics because of the unreliability and inadequacy of its power supply. The unreliability and the inefficiency of the transport services rendered by the

Nigerian Railways Corporation (NRC) and the Nigerian Airways Authority (NAA) are other examples of the poor and unsatisfactory performances of most of the public enterprises in Nigeria. Similar observations and remarks are often made on other organisations like the Kwara Water Corporation, the Rural Electrification Board, the A.D.C. and the K.I.C. etc. in the state and on other sister parastatals all over the country.

A regular reader of the newspapers in this country and/or constant listener or viewer of the radio and television news programmes respectively, could easily recall several of the reports on the poor performances of many parastatals in the country. The mass-media also often carry reports on the discouraging findings of the probe panels instituted by the government to investigate their activities and ascertain whether or not the allegations of corruption, misappropriation of funds, mal-administration and poor or non performance of functions, levied against the parastatals are true. In 1974 for example, serious allegations of corruption, mal-administration and mismanagement of public funds were levied against the then Kwara Food Production Company; and when the government instituted a probe panel to investigate the allegations, their findings confirmed them.[1] Similarly,

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1. Source Report of the Board of Inquiry into K.I.C. and K.F.P.C., Nov. 1975, Ilorin pages 59 - 134.

the committees of inquiry set up to probe the activities of the Kwara Investment Corporation (K.I.C.) in 1977 and 1979, both confirmed that there were gross mis-use of power, serious acts of mal-administration and mis-appropriation of public funds in the organisation.[2]

In our type of mixed economy system of development, where the public sector is not only involved in the promotion of development, but also actively engaged in the production and distribution of essential goods and services for the rapid development of the country, it is essential not only to assess their (parastatals) contributions to development, but also important to examine their constraints, and to explore the ways and means of improving their performances so as to bring about the rapid realization of the lofty aims and objectives for which they are set up.

The Purpose of this study therefore is to ascertain whether or not, and to what extent the two corporations have contributed to the economic development of the state with a view to assessing the degree of their performance of the roles for which they were set up. This study is also aimed at identifying the structural, operational and environmental problems which might be inhibiting their effective and efficient performance; and to explore the ways and means of improving their performances, so that

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2. Source: Reports of the Judicial Commission of Inquiry Into the Administrative and Financial Management of K.I.C. 1980 pages 48-53.

they can meet the demands of the society and satisfy the objectives for which they are set up.

## The Scope of the Study

The author intends to examine in detail the contributions of K.I.C. and A.D.C. to the economic development of Kwara State from the time they were set up in 1971 and 1975 respectively up to 1982, as case studies; this would involve an analysis of the functions assigned to them, and an objective assessment of their achievements. An investigation would also be conducted on their structural, operational and environmental problems and their possible solutions.

## Choice of Case Studies

This researcher concentrated his study on these two parastatals because of the spectacular role they are expected to play in the socio-economic development of the state by transforming it from a predominantly rural and peasant agriculture, to a modern, highly industrialised and developed state within a relatively short period of time. The development of agriculture in the state is important because it is the predominant occupation of the people in the state, and the main source of the government's internally generated revenue; as a matter of fact, agriculture is the life wire of the state's economy since it provides employment for more than seventy per

cent of the population and also contributes about seventy per cent of the State's Gross Domestic Products.[3] Any policy therefore, designed to raise the standard of living of the totality of the people in the state, must of necessity have special and strong bias for the modernization and development of agriculture, since farmers constitute the greater majority.[4] The importance of the agricultural sector to the over all development of the economy becomes very obvious when it is realised that it is this sector that is required to provide:[5]

i) the food requirements of the rapidly growing population.

ii) the agricultural products for the state's developing manufacturing industries such as the textiles, sugar, tobacco and food processing and manufacturing industries that require such raw materials like cotton, sugar cane, tobacco, poultry and animal products, just to mention a few.

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3. Source The Fourth National Development Plan, 1981-85; Kwara State Programme; prepared by the Kwara State Min. of Economic Planning , 1981 page 1.

4. Source Chief Obafemi Awolowo; the Strategy and Tactics of the People's Republic of Nigeria, Lagos, Macmillan Publishers Ltd., 1970 page 19 first edition.

5. Source Ibid. page 18.

iii) cash crops like cocoa, coffee and groundnuts etc. for export to pay for the importation of essential capital goods as well as other essential goods and services which are not available locally; and

iv) new employment opportunities for the modern educated farmers, in the making, through the introduction of modern mechanized agriculture.

From the above analysis, it can clearly be noticed that the development of agriculture can also stimulate the development of the manufacturing industry by providing the essential raw materials required by the latter.

Similarly, much importance is attached to the development of the manufacturing sector of the economy because it is capable of not only expanding the base of the economy, and providing more employment opportunities for the educated elite, but also able to utilise the local agricultural products to bring about the development of a self-sustaining economy. It can therefore be seen from this analysis that the important role attached to these two sectors in stimulating the emergence, growth and development of an independent, self-sustaining and self developing economy is obvious. The role that K.I.C. and A.D.C. are expected to perform in the scheme of things is thus to foster the development of these two sectors of the economy very rapidly with a

view to achieving the above lofty objective, (i.e. the emergency of a self sustaining economy) and this is the essence of their choice.

Methodology

This research is a fact finding one aimed primarily at ascertaining the contributions and performances of K.I.C. and A.D.C. towards the economic development of Kwara State; whether or not they have constraints inhibiting their contributions and performances, and how to eliminate them so as to improve their contributions and performances in stimulating the rapid development of the state economy. This researcher's approach involves:-

(i) Literature Research which involved an extensive reading of several books, journals, magazines, files, reports, news-papers articles, and all sorts of publications relevant to the study. The readings broadened his knowledge on the research topic and afforded him the opportunity to know other people's views on the problem, in addition to the current thinking in the field. This threw some light on areas that had been researched into, as well as, areas yet unexplored by research.

(ii) Survey Research To find out people's opinion on the research problem, this researcher conducted interviews and examined physically the developmental

projects/undertakings/activities of K.I.C. and A.D.C. in the state.

(ii) (a) Interviewing of Knowledgeable Persons

I drew up clear and simple, relevant fact-finding questions on the role, administration and performance of parastatals in the state and used them to interview a sample of people I considered had useful information on the research topic. They include, among others, the following category of persons:-

(1) a random sample of some of the Board members of the two parastatal organisations (i.e. K.I.C. and A.D.C.).

(2) some representative samples of all the categories of staff of K.I.C. and A.D.C.

(3) some good samples of the staff of the superintending ministries of the parastatals, as well as, the staff of the Parastatals Division of the Governor's Office; and

(4) a fairly representative sample of some of the customers of the two parastatal organisations, and a few members of the general public.

(ii) (b) Physical Examination of the Activities of A.D.C. and K.I.C. in the Field:

This researcher went to the field to see the projects/establishments/activities of these corporations in the state. He visited all the industries promoted and/or established by the K.I.C. and inspected all the farms and other establishments promoted and/or established by the A.D.C. and assessed their contributions to the economic development of the state.

(ii) (c) Selection of Sample:

There are twenty eight parastatals in the state at the time of this study. A detailed study of the activities of each one of them would be so much involving in terms of time, money and labour which this researcher could not afford. He therefore, selected two of them for detailed study (i.e. K.I.C. and A.D.C.). This selection is based on the premise that K.I.C. and A.D.C. are economic organisations that can rapidly stimulate the growth and development of a self-sustaining, self developing and independent economy. The A.D.C. for instance, is an agricultural establishment primarily set up to bring about the rapid development of agriculture which is the main occupation of over seventy percent of the people and the life-wire of the state economy (Kwara State Development Plan 1981-5 page 1). The development of the agricultural sector can therefore, not be over-emphasized in an agricultural society like ours. (see choice of case studies). Similarly the K.I.C. is expected to play no lesser role in the development of the state economy as it is primarily set up to promote the growth of several industrial and commercial undertakings throughout the length and breadth of the state. The promoted

manufacturing industries will utilise the raw materials produced in the agricultural sector to produce or manufacture, for example, textiles goods, sugar and tobacco etc. with a view to promoting a self-reliant, sustaining and independent economy (see choice of case studies). It is the stimulating and promoting effect of these two sectors of the economy, on the emergence, growth and development of the entire economy of the state as well as, the vital role that K.I.C. and A.D.C. are expected to play in the scheme of things, that make them typical parastatals for this type of study.

(iii) Analysis of Data: The data gathered from the interviews, and physical observations, were edited, tabulated and analysed as contained in this report, in the subsequent chapters. These data would be utilised to demonstrate the degree to which the hypotheses put up for verification can stand the test of falsification.

The Theoretical Frame Work for the Study By Theoretical Frame Work in this report, the author means the conceptual relationship between parastatals and development or precisely economic development. In order to be able to identify the link between economic development and parastatal organisation in this study, the author intends to begin the exercise by clearly defining the two terms.

What are Parastatals? As governments the world over tend to be assuming responsibility for a wide variety of social and economic programmes, many of which require some business-type operations, a type of an organisation whose style of operation and management is slightly different from the civil service, and which has some legal, administrative and financial autonomy to enable it operate with some degree of flexibility to facilitate the realisation of its objectives and goals efficiently, has to be designed and adopted. It is this type of organisation that is often referred to as a parastatal; and it includes all government organisations referred to as Companies, Corporations, Boards, Commissions, Councils, Authorities and Agencies.

Several writers have defined parastatals in various ways, but a critical analysis of the different definitions indicate that they are aiming at describing a common thing, an organisation with identical characteristics. When, for instance, W.F. Willoughby was writing on parastatal organisations in 1917, he viewed it as a public organisation "... having some industrial or revenue producing character, services concerned with the administration or exploitation of the public domain, and the general supply services and manufacturing plants of the government."[6]

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6. Source Public Administration Review (PAR) Vol.I, 1940-41 page 381.

Such an organisation, according to him should have -

> .....a legal, administrative and financial autonomy. Each will have its organic act or charter providing for its creation and defining its jurisdiction, powers and duties; its board of directors, its directing staff and subordinate personnel, its own plant, equipment and other property which it will possess in its own name; its own revenue and expenditure system; its distinct accounting and reporting system separate from that of the general government; and its own well-defined sphere of activities.[7]

Stressing further the importance of the autonomy that a parastatal deserves, he said that each parastatal should be free from the control of the Civil Service; and its staff should not be subjected to the Civil Service Rules and Regulations. A separate career system should also be established for the staff. It should have a governing board responsible for formulating policies to its management; and should also have freedom from auditing control and from the restrictions surrounding purchasing procedures of regular government agencies.[8]

Some other writers view parastatals as:-

(i) Political Instruments for the attainment of social and economic goals.[9]

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7. Source Public Administration Review (PAR) Vol.I 1940-41 pages 381-382.

8. Source Ibid pages 381 - 386.

9. Source Managing the Parastatals (A report of a workshop on Parastatal Administration held at the University of Ibadan, 1981 page 4).

(ii) Government created autonomous organisation by law, necessitated by the need of promoting rapid economic development, successful plan implementation, the control of national economies and social distributive equity;[10]

(iii) Public institutions which have responsibility for either general or some specific area of a country's economic development. This include the responsibility for industrial and agricultural development;[11] and

(iv) a cross-fertilization of government and business.[12]

From the foregoing definitions of parastatals, it can be deduced that a parastatal organisation may be regarded as a semi-autonomous public organisation, established for the performance of a specific socio-economic developmental function.

For the purpose of this study, a parastatal may be defined as a public or government organisation established by law, with some legal, administrative and financial autonomy to enable it operate and function with some degree of flexibility, such that it can perform effectively and efficiently, the developmental functions and roles for which it was specifically created and/or assigned. It should have a governing board appointed by the government to formulate policies for its management and

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10. Source Yakubu Sankey, The Role of Parastatals in National Development:- An. M.Sc. Thesis submitted to the Institute of Administration A.B.U., Zaria 1980 page 2.

11. Source Reflections on Public Enterprises in Nigeria - A Report of a Conference on Public Enterprises held at Inst. of Administration ABU Zaria April 1970 page 7.

12. Source Public Administration Review (PAR) Vol.I 1940-41 page 381.

to over-see its activities, as well as, give it a purposeful direction and guidance. As the developmental functions for which a parastatal is set up is essentially the stimulation of rapid socio-economic change in the society, a parastatal may simply be regarded as a vehicle or an agent of socio-economic change.

What is Development?

Development can simply be viewed as social change involving both growth and structural (system) change in the direction of modernity and particularly in the direction of nation building and socio-economic progress.[13]

What is Economic Development?

Economic Development can be said of as raising the standard of living of a people or peoples who are at present living inadequate lives, through increasingly greater investment in selected multiplier factors which will bring about self-sustaining economic growth in their countries.[14]

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13. Source John Barrel & Simon Bronete; Accelerated Development in South Africa; Macmillan Press Limited London, 1974 page 3.

14. Source Ibid. page 3.

Conceptual Relationship Between Parastatals and Economic Development in a Society

From the definition of the above concepts, it can be seen that a parastatal organisation can be regarded as a government vehicle for, or an agent of socio-economic change in a society or community as it is specifically created to stimulate or bring about rapid socio-economic change in a desired direction; whereas economic development can be viewed as socio-economic change in a society involving an improvement in the living standard of the people, and an emergence or growth of a self-sustaining economy through increased investments in selected multiplier factors. The definition of a parastatal above implies that it can bring about a socio-economic change which involves economic development. It therefore follows that relevant parastatal organisations can be established to bring about a desired socio-economic change involving economic development in a society.

On the basis of this relationship, it can be reasonably inferred that if a relevant parastatal is properly constituted, operated and managed, it would bring about the economic development of the society in which it is set up. This assumption can be represented by the following equation. P + M = ED. where P is a properly constituted parastatal, M is a good or competent, honest and dedicated management and ED

is economic development. A properly constituted parastatal should be structurally effective and efficient and adequately funded. On the basis of the above inferences, the following hypotheses are put up for verification in this study.

Hypotheses

(i) parastatals are vehicles or agents of socio-economic change in a society.

(ii) lack of honest and dedicated management is the major cause of the unsatisfactory performance of most parastatals in Kwara State.

Justification for the Study

This research, besides being a search for knowledge as an end in itself, is also a search for a solution to a societal problem. As a basic research, its findings are aimed at drawing generalisations (hypotheses) that can stand the test of falsification in both time and place. As an applied research, its findings are aimed at producing ideas that can be used to bring about an improvement in the performance of parastatals in the state and even in the whole country; and also in similar economic systems with identical environments. It is pertinent to mention at this juoture that the Kwara State Government as well as the Federal Government, at

the time of this study, were implementing some aspects of the reports of two panels (Daniyan and Onosode) set up by the Kwara State Government and the Federal Government respectively, on the role, management and performance of some of their parastatal organisations with a view to improving their performances. This is to confirm that these Governments have not found solutions to the inefficiency and ineffectiveness of their parastatals. This is also true of most states in the country and indeed, of other developing countries of the third world, that have adopted the mixed economy mode of development.

The combination of the literature research methodology and personal interviews, in addition to the physical observation method of social research in this study, had the added advantage of complementing one another's short-comings and limitations. The personal interview method was preferred to the use of questionaire schedules because some of the respondents were not sufficiently literate to complete questionaire schedules reliably. In addition, the personal interview method afforded the researcher the opportunity to interact and meanifully discuss the questions with the respondents rather than their simply writing specific answers to the questions.

## The Researcher's Experience in the Field

### (i) Access to Data

In spite of the fact that the researcher is a member of staff of the Kwara Civil Service, he had to collect a letter of introduction from the parastatals division of the Governor's Office before he could be given any audience by the staff of the state parastatal organisations. This is because the staff of the parastatals have been directed not to release any information on their organisations to un-authorised persons who could be spies looking for information/data which they could use against the government. Even with the letter of introduction, some of the staff of the parastatals were still very reluctant to discuss the affairs of their organisations freely with this researcher, and treated the same with the strictest caution.

### (ii) Cooperation of Staff

It was observed that this researcher enjoyed the full cooperation of most of the staff he interacted with, some of them were very interested in this study and gave him every assistance and cooperation which were needed. They gave him access to some of their classified documents, realising that he will not utilise the same

against them, their organisation or the government. He however, came across a few officers who had neither the time nor interest in this research and would not care a bit about it.

Layout of the Report

Chapter one of this report discusses the purpose of this study as well as its scope, frame work and methodology.

Chapter two endeavours to narrate the history of the origin of parastatal organisations in the three main economic systems of the world, namely the capitalist, the socialist and the mixed economies, and how the parastatals have been utilised to achieve three types of development models in human society. Justifications for the continued existence of parastatals is also attempted, as well as, a brief history of the origin and growth of parastatal organisations in Nigeria.

Chapter three traces the history of the economy of the state from the time it was excised from the former Northern Region of Nigeria and relates this to the emergence and growth of parastatals in the state. It also discusses the role the K.I.C. and A.D.C. are to play in the economic development of the state, and the degree of their achievements.

Chapter four attempts an analysis of the structural, operational and environmental constraints of the K.I.C. and A.D.C. and their possible solutions.

Chapter five highlights the findings of the study and also examines the degree to which they have fulfilled the purpose of the study.

CHAPTER TWO

## THE ORIGIN, GROWTH AND JUSTIFICATION FOR PARASTATALS

In this Chapter an attempt will be made to trace the history of parastatal organizations as they are being operated in the three main economic systems of the world, namely the Capitalist, Socialist, and the Mixed Economies. The author will also try to justify the need for their continued existence in the less developed countries of the world; and will finally give a brief narration of the history of parastatals in Nigeria.

Some writers on the origin of parastatals in human societies have expressed the view that public enterprises are as old as the history of man itself.[1] This is because parastatal organizations have been known to exist in virtually all human societies, in one form or the other, from time immemorial. Being a major instrument for controlling and directing a national economy and mode of development, all countries of the world whether socialist, capitalist or a mixed economy, have adopted them in various forms as instruments of control and direction of their national economy and development.

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1. R.A. Olopoenia - The Evolution of Parastatals - (A report of a Workshop on Managing the Parastatals held at the University of Ibadan in 1981 page 13).

In the traditional/pre-modern societies, public enterprises are believed to have existed in a crude form because the dominant nature of the communual ownership and control of the means of production and distribution in the society gives them the out look of parastatals.[2] The way and manner the roads leading to public places which serve as sources of water supply and where several farmers have their farms were constructed and maintained by the whole community, particularly in Africa, suggest that they were public undertakings.

In modern societies, particularly in mixed economies, parastatals have been so extensively utilised to supply essential goods and services to a degree that one can rightly say that they have become essential developmental institutions in the society. A detailed examination of the functions of the numerous Federal Government parastatals in the socio-economic life of the people will confirm this assertion. (See Annex 1 a & b for the list of the Federal Government parastatals in Nigeria and the Kwara State owned parastatals in the State, respectively).

(i) Public Enterprises in Modern Capitalist Societies

With the emergence of modern capitalism in Western Europe soon after the Industrial Revolution, there also emerged some individuals who were opposed to

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2. Ojetunji Aboyade - The Nigerian Public Enterprises As an Organisational Dilema 'Administration for Development in Nigeria' edited by Paul Collings, African Education Press, Lagos. 1980 page 84.

the idea of private ownership of the organizations which were responsible for the supply of essential services in the society, on both political and moral grounds.

> It was then as now, considered dangerous to the preservation of social order and justice for these services to be left in the control of private capitalists who could hold the society to ransome whenever it suited their whims and caprises. It was also considered immoral for the society to allow an individual the access to a weapon which he could use to intimidate segments of the society[3]

From then it became obvious that a theory of government, based on the premise that it would be harmful for the state to interfere with the freedom of the individuals to act in whatever way seemed good to them in economic matters was no longer tenable, reasonable and acceptable. This then led to the take over of some of the organisations which supplied essential goods and services in the society.

In Britain for instance, essential sectors of the economy such as those responsible for the supply of water, gas and electricity became public enterprises. In 1908 the ports of London, a public corporation, acquired the docks and warehouses from the tidal portion of the Thames from Teddington Lock in Middlesex to an imaginary line drawn from Havengore Creek in Essex to Warden point in Kent, a distance of seventy

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3. R. A. Olopoenia - The Evolution of Parastatals, (A Report of A Workshop on Managing the Parastatals held at the University of Ibadan in 1981 page 16).

miles.[4] After the second world war, that is post 1945 the policy of entrusting the provision of essential services to the public sector (Corporations) was extended and the British Broadcasting Corporation formed in 1922 became a public corporation in 1926.[5] In the same year the generation of electricity was transferred from numerous municipal and private enterprises undertakings to the Central Electricity Board. A few years later, two other important public corporations were established, the London Passenger Board in 1932, and the British overseas Airways in 1939.[6] Similarly, France, after the Revolution, took over several of the essential enterprises in private hands by nationalising them.

(iii) The Genesis of Parastatals in Socialist Communities

To the Socialists, the root cause of all forms of social injustices in any society is the ownership and control of the means of production and distribution in the society by a few, at the expense of the majority, whose labour power is indiscriminately exploited by the former to enrich themselves.

In other words, capitalism is the root of all social evils in a society, and the solution to it lies in socialising the economy so as to create a

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4. Walker J. Bristish Economy and Social History 1700-1967; Macdonald and Evans Ltd. London, 1968 Page 329.
5. Ibid Page 329.
6. Ibid Page 330.

a classless/egalitarian society where all are labourers, as well as, managers simultaneously. In a society where this idea is accepted, and the means of production socialised, public enterprises emerge almost naturally to operate and manage the economy. For instance, after the overthrow of the Tsarist government in Russia in 1917 by the Communist revolution led by Lenin, and the subsequent declaration of socialism in the State, all the industries were nationalised and the State took over the ownership and control of the land.

As the economy thus became socialised, the state took over virtually all major economic activities such as industry, banks, the railways, water and sea transport and managed them as public enterprises. Land was made available to the peasants free, and agriculture was re-organised on socialist principles of collectivisation. Eventually, private trade and hired labour were prohibited in an attempt to creat a new society which Lenin discribed briefly as -

> .... a new and better order of society; in this new and better society there must be neither rich nor poor; all will have to work. Not a handful of rich people, but all the working people must enjoy the fruits of their common labour, Machines and other improvements must serve to ease the work of all and not to enable a few to grow at the expense of millions and tens of millions of people. This new and better society is called socialist society. The teachings about this society are called socialism.[7]

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7. Source: V. I. Lenin, A short Biography; Published by Moscow News, 1969. Page 8.

(iii) The Emergence of Parastatals in Mixed Economies

In mixed economies, both the government and the Private individuals engage in economic activities capable of bringing about the development of the society. Private undertakings are mainly profit motivated, but government undertakings may be social or service motivated, as well as profit motivated; but the former is more often than not, the major motivating factor as the private sector may not and/or could not be motivated by the desire to render social services alone, which are however, very essential for the development of the economy and the nation as a whole.

It is important to stress at this juncture that the primary purpose of setting up a parastatal organisation by a responsible government, is not solely to make surplus money or profit for the government but essentially to fulfil a felt need in the society, provide essential goods and/or services for the comfort of her people, and to stimulate or cause the socio-economic development of the state or parts of it. For instance, the primary purpose of the Kwara State Government for settling up the Midland Supplies Company which is essentially a commercial and a profit making enterprise, is not solely to make profits for the government, but primarily to make available to the people, essential goods and related services at fair prices for their comfort, and to provide job opportunities

for some of her working force.[8] But being a profit making undertaking, it is expected to generate some revenue to enable it break-even or pay for its running costs, and when expedient, to make some profits for further re-investments in its activities for expansion purposes; or for investments in other essential developmental sectors of the economy. Most governments usually set up profit making enterprises with the primary aim of broadening the base of the economy, stimulating the emergence of a self sustaining and developing economy, industrialising the economy and to provide job opportunities for some of her people; and not essentially because they intend such parastatals to primarily make surplus money for the state.

As the private enterpreneurs establish private enterprises as the basis of their operations, so the government establishes parastatals, as of necessity, through which it produces and distributes essential goods and services in the society. In mixed economies, the establishment of parastatals in the society is therefore, the implementation of a government policy designed to enable it participate in the operation and management of the national economy and development, in the interest of the totality of the society.

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8. Source - Information obtained from respondents during the course of the research.

Nigeria's experience can be traced to her colonial link with Britain which had adopted the welfarist capitalist approach of development, in preference to the American approach, often referred to as harsh Capitalism because it is based on the principle of the survival of the fittest which is regarded as being unfair to the unfortunate and disadvantaged weak. Added to this, is the desire of the government and her people to develop the country as rapidly as they can afford, so as to improve the lot of the massess rapidly, by the combined efforts of both the public and the private sectors. This is necessary since neither sector can achieve this single handedly, within the anticipated short period of time in view of Nigeria's impoverished economy.

In the attempt to create a sort of a fairly egalitarian society in the country, the major economic sectors of the economy had been declared as the public sector so as to prevent the economically powerful from owning and controlling them at the expense of the masses. Private individuals can however, embark on any economic undertaking not so labelled by the constitution, thereby giving both the private individuals and organizations, as well as, the State the opportunity to participate in the management of the nation's economy.

Justification for Parastatals in the Less Developed Countries of the Third World.

There are several social, political and economic factors responsible for the large scale involvement of these governments in the operation and management of their State economies which have led to the establishment of parastatals as instruments of state participation and intervention, as well as, agents of public modernization and development of the society.

Economically, the under-developed nations of the third world are poor and have acute shortage of capital, manpower, enterpreneurs and enterpreneurial skills which are essential factors as well as resources for investments in enterprises capable of stimulating the expansion of the state economic base, and the growth and development of the economy. In other words, the market situation in these countries is far from being perfect, in terms of both the product and factor markets.[9] A product market distributes goods and services according to need and the ability to pay for them, and the factor market utilises resources, capital and labour in order to produce goods and services demanded.[10]

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9. Source R.A. Olopoenia - The Evolution of Parastatal - A report of a Workshop on Managing the Parastatals held at the University of Ibadan in 1981, Page 20.

10. Henry C., Americans and Free Enterprise, Dethlooff-Prentice Hall, Inc. Englewood Cliffs, New Jersy U.S.A. 1975 Page 7.

Other market failures responsible for the inability of the private sector to take off, grow and develop include:-

(i) Scarcity of information and unreliability of the available data;

(ii) high risks aversion by private entrepreneurs; and

(iii) the divergence between social and private evaluation of costs and benefits.

Since the private sector has been incapacitated by the above market failures from embarking on economic activities capable of developing the nation, the state has to assume the responsibility, and in the process, has to establish public enterprises through which she could perform the developmental functions effectively, efficiently and expediently.

Politically, it is considered unwise to leave the sectors of the economy responsible for the production of essential goods and services in the hands of private individuals, who could use them to intimidate and/or hold the nation to ransome when they wish.[11]

This has necessitated state take over of the sectors of the economy responsible for the supply of the essential services, and the establishment of parastatals to manage them, to guarantee their prompt and constant

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11. Olopoenia - The Evolution of Parastatals - A report of a Workshop on Managing Parastatals, held at the University of Ibadan in 1981, page 16.

supply, and to ensure their equitable distribution in the society in the public interest. In addition, the provision of these essential services are not profitable and thus not appealing to the private sector. However, in as much as their provision is vital to the comfort of the people, and would also provide a base for the expansion of the economy, the state has to assume the responsibility.

There are other sectors of the economy which the private sector would not go into because of their:-

(i) low profitability;

(ii) huge construction costs;

(iii) long periods of gestation; and

(iv) high risks; but which are very important for the development of the economy and the over all progress of the country, and which the state cannot afford to leave idle and undeveloped. A good example of such an enterprise is the Iron and Steel industry in Nigeria which the government has invested in, not because of the dividends it is expected to yield, but the importance of its product (steel) for the growth and development of the construction and manufacturing industries essential for the industrial take-off of the economy. The construction cost is so high that it is only the Federal Government alone that is capable of financing it. And it has embarked on the expensive project with a view to establishing a base for the building of a self-reliant,

self-sustaining and independent economy for Nigeria. It would be recalled that most of the developing nations of the third world were, one time or the other victims of colonialism whose economies were equally subjugated to those of their colonial masters. Even long after they had gained their political independence, their economy were still firmly under the control of their former imperial masters who were still siphoning away their wealth, very much needed for the social, political and economic development of the dependent countries. This situation renders their political independence meaningless in view of the fact that they were still very much under the control of their colonial masters with their economy firmly under the ampit of the imperialists. Realising that there cannot be a true political independence without an economic freedeom, the struggle for the latter began in earnest. The struggle for economic freedom is beyond the capability of the private sector since it lacks the economic resources and power required for the enormous tasks, so the state has to come in, in full force, in the following ways:-

(i) It went into direct production and distribution of goods and services in sectors where the private enterprises could not cope with the demand adequately and effectively, in order to keep off

further foreign investments in those areas of the economy where their presence and participation were considered dangerous to the well-being of the economy; and the attempt to transform it from a dependent to an independent and s self-sustaining status. Such sectors include among others, the oil, and Iron and Steel industries, as well as complex manufacturing industries like the paper, sugar, chemicals and drug manufacturing.

(ii) It also embarked on the indigenization of the economy with a view to transfer the ownership, control and management from foreign hands to indigenous hands, thereby liberating it from foreign domination. For instance, the Nigerian indigenization decree of 1972 was a deliberate effort by the government to free the nation's economy from alien domination. In some cases, it went into direct nationalization of the economy which implied the complete take over of the enterprises by the state itself as was the case in Tanzania.

Nigeria's attempt to indigenise her economy required the force of the law for its successful

implementation. This is an indication of the enormous task involved in the liberation of a colonised economy, and the government support it requires for success; and without which it may be impossible in view of the obvious market failures in the less developed countries, and the resistance of the imperialists and their agents and collaborators.

Similarly, the state needs to go into direct production of goods and services in order to be able to control effectively, some of the evils of the free-market-enterprise - such as inflation, exploitation and unemployment. For instance, it would be difficult, if not impossible, for a government to control the price of a commodity over which she has no control of any sort over its production or supply. This is because if she fixes a price considered too low by its sellers, the latter could withdraw the goods from the open market to the black market where they could sellthem at exorbitant price. If the consumers have no alternative sources of obtaining the goods at a cheaper price, they will have to go after them to the black market, and buy them at the inflated price. This was why the Price Control Exercise failed in Nigeria during the 1966 - 79 Military Regime since the government did not control the production or supply of the items that their prices were being controlled. If the state had controlled the production and supply

of the goods, she could have increased their production and flooded the open market with the same; and since no sane person would prefer the black market price to the cheaper one in the open market, the government would have thwarted the efforts of the profiteers, and effectively controlled inflation in the society.

Likewise, if a government increases employment opportunities in the society, and legislates against exploitation of labour power, she would be able to enforce the law since the victims of exploitation can afford to cooperate with government by deserting exploiters and taking up better employments in some other places with considerable ease. If on the other hand, employment is scarce in the society, victims may not be willing to cooperate with government, as such a cooperation could result in their being thrown out of employment indefinitely.

Finally, most of the developing states of the third world have adopted the 'Planned Economy' system of development in their haste to develop rapidly. And since a planned economy is essentially that of a massive emergence of public enterpirses responsible for sowing the seeds of modernization and development in the society, their existence is necessary and thus

justified. The successful attempt of the Soviet Union in the use of public enterprises, arising from the implementation of the socialist policy of the public ownership of the means of production, "... as a major instrument for the achievement of some impressive economic growth, combined with a relatively equal distribution of income, and the absence of a large scale unemployment"[12] is worthy of emulation, encouraging and motivating on the part of the less developed countries aspiring to develop as rapidly as they can afford. Similarly the Japanese earlier experience of the use of public enterprises to plant the seeds of modernisation, "... even before, but especially after, the Meiji Restoration in 1868 when the state established large number of industrial concerns in textiles, cement, mining, chemicals, machine tools etc. which had an important impact on subsequent industrialization"[13] of the Japanese economy, is also motivating to the developing states. The Japanese parastatals were "... created to provide job, entrepreneurial support and subsitution, protect the balance of payment and transfer Western technology to backward industries."[14]

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12. Source - Olopoenia; The Evolution of parastatals - a report of a workshop on managing the parastatals - held at the University of Ibadan in 1981 page 21.
13. Source - Ibid page 21.
14. Source - Ibid page 21 and 22.

As these are some of the purposes for which the less developed countries establish parastatals, Japan's successful experience could motivate them. "The role played by public enterprises in the industrialization of Japan explains the very close relationship which exists between the state and the business and industrial community in Japan today".[15] The developing states also intend to have a powerful and influential public sector which is capable of mobilising the human and material resources of the society for the rapid socio-economic development of their states.

In conclusion it can be inferred that the inadequacies of the economic resources required for the growth and development of the private sector, in the less developed countires, which have incapacitated the take-off of large-scale private enterprises, as well as the socio-political determination to be truely independent of the developed countires, have necessitated the emergence, growth, development, and consequently the predominance of public enterpirses in these societies.

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15. Source Olopoenia: The Evolution of Parastatals. A report of a workshop on Managing the Parastatals - held at the University of Ibadan in 1981 page 22.

The Genesis of Parastatals in Nigeria

The origin of public Enterprises in Nigeria dates back to the colonial era when the British colonial Government established government departments for the provision of essential infrastructural services needed for the rapid growth of the national economy, and the general development of the society, such as the railways, electricity, waterworks, ports and telecommunications system. The private sector could not, and would not provide them because of the reasons stated earlier, such as lack of capital and technical know-how, and their very low profitability. Later these departments were converted into corporations for more effective and efficient management.

Besides the provision of essential infrastructural services, the colonial government also established some commercial enterprises in the mining and manufacturing industries.

In the 1930s the colonial government established departments to take charge of the following industrises:-[16]

(i) Coal mining at Udi Hills

(ii) Stone quarrying at Aro

(iii) Saw-miling and furniture making at Ijora

16, Olopoenia: The Evolution of Parastatals - A Report of a workshop on Managing the Parastatals - held at the University of Ibadan in 1981, page 31.

(iv) Cotton ginnery at Gusau

(v) Rice Husting at Sokoto; and

(vi) Boat Building at the important ports.

Later, these enterprises were converted into corporations.

In 1949 a Production Development Board was established in each of the three regions in the Federation to provide loans and grants to Public Authorities for investment in social overhead projects, and on schemes related to crop production and processing. The Board's main responsibility was, therefore, the promotion and development of social and economic infrastructures, as well as agriculture in the country. In 1954 these Boards were re-organised and renamed Development Corporations and their activities became dominated by large-scale manufacturing in agro-based and agro-allied industries.

Agricultural Marketing Boards were also established in the 1940s. An Agricultural Marketing Board was established in each Region, and one at the Federal level to provide loans to produce Buying Agents for the purchase of agricultural products like cotton, ground-nuts, cocoa, coffee and rubber etc., as well as their exportation.

Other responsibilities of the Board included:-[17]

(i) promotion of agriculture, especially cash crop production.

(ii) marketing of the agricultural products.

(iii) establishing the prices of agricultural products; and

(iv) provision of investment funds to governments.

During the first six years of Nigeria's independence, precisely between 1960 and 1966, both the Federal and the Regional Governments established numerous development enterprises in the following sectors:-

- agriculture,
- mining
- manufacturing
- transportation; and
- banking and insurance

When the Military took over the government in 1963 and initially created twelve but later nineteen States in the Federation, almost all the States created a replica of all the parastatals existing in their former Regions or States, in addition to new ones established to perform new functions as the needs arose. As the country become richer, the

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17. Olopoenia: The Evolution of Parastatals - A report of a workshop on Managing the Parastatals- held at the University of Ibadan in 1981, page 31.

governments in the Federation established several developmental enterprises all over the country in their attempt to develop the states and the country as a whole, as rapidly as possible. At the time of this study, public enterpirses can be located in all sectors of the national economy to such a degree that every Government in the country has considered it necessary to establish a Department in the Chief Executives' Office to over-see the activities of her parastatals.

The history of parastatals in Nigeria could be traced to her colonial master's belief in the public ownership and control of the essential sectors of the economy which are responsible for the supply of vital services in the society. In addition, since the private sector is under-developed and could not provide the goods and services needed by the society, the government had to take over the responsibility.

Conclusion - From the foregoing analysis it can be inferred that:

(i) Parastatal Organizations exist in one form or the other in all societies and in every economic mode at least in terms of their publicness, and are as old as human society itself.

(ii) Parastatals are instruments for controlling the national economy; and the degree of control determines to what extent, an economy can be labelled Socialist, Capitalist or Mixed. A total control of the entire economy will qualify for a Socialist economy. Little to no control will appear Capitalist; and a partial control of the national economy, especially of the major sectors, will qualify for a mixed economy.

(iii) No economy is completely free (capitalist) or completely controlled (Socialist). All appear to be mixed to a degree; and

(iv) Parastatal Organizations are capable of sowing the seeds of modernization and/ or development in a society.

CHAPTER THREE

# The Role of K.I.C. and A.D.C. in the Economic Development of Kwara State

By way of introduction it is pertinent to briefly discuss the economic situation of the state at its creation in 1967 and relate it to the genesis of parastatal organisations, and the role they are expected to play in the economic development of the state. This will then be followed by a detailed analysis and assessment of the activities and contributions of the two parastatals to the economic development of Kwara State.

## The Economic Environment and the Genesis of Parastatal Organizations in Kwara State

When the geographical area that now constitutes Kwara State of Nigeria was excised from the defunct Northern Region of Nigeria in 1967, and constituted into a separate state, it was one of the most economically underdeveloped states in the country because it lacked, not only any significant modern industrial and commercial enterprise, but even the basic socio-economic infrastructures without which any meaningful economic development cannot take off.* For instance only three towns in the state, namely Ilorin, Lokoja and Offa had electricity supply. Similarly, only four Communities had pipe borne water supply. There were also no good roads and

*Researcher's findings during the course of the study. The First Kwara State development Plan (1970-75) also indicated a similar thing in its introductory chapter.

reliable and efficient modern systems of communication.

Both the private and the public sectors of the economy were underdeveloped; and the State Government had to assume the responsibility of providing the essential socio-economic infrastructures as well as set up public industrial and commercial enterprises that could develop or cause the development of the State economy. Socio-economic infrastructural organisations like the Kwara Water Corporation (KWWC) and the Kwara Rural Electrification Board (REB) were set up to provide pipe borne water, and supply electricity, respectively to several communities in the State so as to lay the foundation for the take-off and growth of modern economy with a view to improving the quality of life of the people in the State. The Kwara Investment Corporation (K.I.C.) and the Kwara Agricultural Development Corporation (A.D.C.) were similarly set up to promote the establishment and growth of industrial and commercial enterprises, and to develop the agricultural sector of the State economy respectively.

Objective, Role and Function of K.I.C. and A.D.C.

Having narrated briefly the economic environment of parastatals in the State, and stated the role they are expected to play in the economic development of the

State, it is essential to proceed further to analyse, in detail, the purposes for which K.I.C. and A.D.C. were set up, and the degree to which they have fulfilled the objectives.

The Objective for which K.I.C. was set up in Kwara State

When the State was created in 1967 as discussed earlier, there were no modern industrial and commercial enterprises of any significance in the geographical area that constitutes Kwara State. The State was predominantly an agricultural society practising the traditional agriculture which could be regarded as primitive because of the crudeness of the technology in use. In other words the tools and implements as well as the method of application or the ways they were being used were very simple but their utilisation is wearisome. In order to industrialise the state economy by setting up several modern manufacturing industrial undertakings as well as introducing automation in the agricultural and commercial sectors, K.I.C. was established by Edict No.4 of 1971 with the responsibility of fostering the rapid economic development of the State through the promotion of investments in agriculture, industry, commerce, housing, and property development, and any other area of economic activities which could contribute to the rapid improvement

of life in the State.[1] The founding fathers of K.I.C. regarded it as an important and essential agent of industrial development which can be utilised to bring about the rapid industrialisation of Kwara State.[2] They expressed the view that the new state could only succeed in promoting industries if it set up an investment company to which every person would be encouraged to contribute shares, especially the wealthy business men in and outside the state.[3]

The Edict which establishes the corporation spells out its objectives as follows 'It shall be the duty of the corporation to foster the economic development of the State by promotion, establishment, operation or assistance of approved agricultural, industrial or commercial projects in accordance with the provision of this Edict.'[4]

According to the Edict establishing the corporation, the following functions which the Edict refers to as power can be regarded as its main responsibilities. That is power to:-

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1. Source K.I.C. - An Investment Agency owned by the Government of Kwara State, Nigeria; Printed by the Kwara Printing and Publishing Corporation (KWPC), Ilorin; 1975 page 7.

2. Source Report of a Board of Inquiry into K.I.C. and Kwara Food Production Company (KFPC); Ilorin, Nov. 1975 page 2.

3. Source Ibid page 2.

4. Source K.I.C. An Investment Agency Owned by the Government of Kwara State, Nigeria; KWPC, Ilorin, 1975 page 29.

i) carry out activities under an approved project in association with other bodies and persons, (including companies, government authorities, local authorities or local government authorities) or as managing agent;[5]

ii) assist other bodies with whom the corporation is associated in any approved project by providing technical, advisory or managerial advice and assistance or plant or machinery for the purpose of the project;[5]

iii) establish or operate any agricultural, industrial or commercial undertaking comprised in an approved project, either directly or through a body or person with whom the corporation is acting in association;[5]

From the fore-going, the main objective of K.I.C. can be regarded as the promotion, establishment and operation of industrial and commercial undertakings/ enterprises in the State with a view to industrialise the economy of the State. It has the power to establish subsidiary bodies/companies/organisations or agencies to promote or embark on the production of essential goods and services on industrial and commercial basis with a view to industrialising the economy.

Objective for the Creation of A.D.C. in Kwara State

It is essential to point out here that although the A.D.C. was set up in 1975, it has a long history behind it. The organisation can be said to have virtually come into existence as far back as 1972, but under a different name,

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5. Source K.I.C. An Investment Agency Owned by the Government of Kwara State, Nigeria; KWPPC, Ilorin, 1975 page 30.

the then Kwara Food Production Company (KFPC) which was established in 1972 under the Executive Council Conclusion No. KWC. 6(72) of 14/4/72 with the following aims:-

i) the production of food crops in the broad sense (i.e. the production of such staple food crops as rice, yams, maize, and cassava and other crops like oil palm, sugar cane and groundnuts;[6]

ii) the primary processing of food crops and the marketing of such food crops or their processed products;

iii) the setting up of large scale farms in live stock such as pigs, poultry, goats, cattle etc. and the marketing of such live stock and their processed products such as milk, cheese and pork.[6]

One of the cardinal goals of the Government in establishing the company is that in the first few years, the company will concentrate on a few major food crops, with a view to achieving specialization or maximization of profits.[6]

In 1975 the KFPC was dissolved and the A.D.C. was set up following the acceptance of a report of Inquiry into the activities of the company which confirmed the allegations of corruption, and mismanagement of the organisation, levied against it. On the establishment of the A.D.C., it took over all the assets and liabilities of the KFPC. Although, the corporation virtually

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6. Source - Report on the Board of Inquiry into K.I.C. and (KFPC); Ilorin, Nov. 1975, page 69.

came into being in 1975, the Edict which formally established it was promulgated in 1978 and referred to as Edict No. 4 of 1978, it took effect from 1975. The objectives of the corporation is similar to that of its predecessor (i.e. KFPC). It is to develop the agricultural sector of the State economy. The duties of the corporation as assigned to it, are spelt out in its edict as follows:

i) to formulate and carry out or cause to be carried out, approved projects for improved production and development of all forms of agricultural operations in the State.[7]

ii) if and when directed by the Commissioner to take over the direct administration and future development and expansion of any farm settlement scheme initiated by the government subject to such directions and conditions as the Commissioner may approve, due regard being paid to existing rights and obligations of the government or any other authority or person at the time of such take over.[7]

iii) to stimulate agricultural incentives and to encourage the participation of farmers and indigenous persons in the carrying out of approved projects;[7]

iv) to provide adequate and appropriate guidance and supervision for agricultural activities of farmers participation in any of the approved projects of the corporation.[7]

It also has power to embark on the following:[8]

i) feasibility studies of agricultural projects

ii) promotion and establishment of agricultural companies or bodies etc.

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7. Source A.D.C. Edict No.4 of 1978. Article 5 a-d.

8. Source A.D.C. Edict No.4 of 1978. Article 6.2 (a-d).

iii) profitable and desirable agricultural undertakings/projects.

iv) rendering of assistance to agricultural companies, bodies and persons embarking on agricultural projects in the form of loans or other forms of financial assistance, and technical aid/advice etc.; and

v) manufacture of agricultural equipment, materials, and tools or impliments.

From the foregoing, it can be seen that A.D.C.'s main objective is to embark on the promotion of agricultural development by going into direct production and processing of cash as well as food crops on commercial basis, in addition to setting up subsidiary bodies that can embark on direct production and processing of cash and food crops in large quantities with a view to developing the agricultural sector of the economy.

## The Activities of K.I.C. and A.D.C. Designed to Realising the Objectives for which they were set up

Having summarised the purposes for which the two organisations are set up, it is time to proceed to examine their activities with a view to assessing their contributions to the economic development of the State.

Activities of K.I.C. In pursuance of the objective to promote industrial and commercial enterprises in the state, the Corporation set up five major commercial and industrial undertakings namely, the Midland Supplies

Company, the Savannah Concrete and Terrazzo Company, the Kwara Food Production Company, the Kwara Paper Converter, and the Kwara Steel and Engineering Company; and bought over the New Nigerian Timber Company. It also participates in four other big industrial enterprises namely, the Prospect Textiles Mill, the Oro Bicycle Industry, the Jakura Marble Industry and the Yeast and Alcohol Manufacturing Company in Bacita. It promoted several other enterprises such as the Kainji Textiles Mill, Gari, Chalk, Soap & Detergent manufacturing enterprises, just to mention a few. In addition, it has shares in eight other companies most of which are actively engaged in the manufacturing industry. These are the Berec (Nig.) Ltd; Guiness (Nig.) Ltd.; Berger Paints; R.T. Briscoe (Nig.) Ltd; Vono Products (Nig.) Ltd; Nigerian Bottling Company and the Nigeria Stock Exchange. The above economic activities of K.I.C. are discussed in detail in the following paragraphs.

The Midland Supplies Company

The Midland Supplies Company was launched in 1974 in Ilorin by the opening of its Departmental Stores and Supermarket in the city. Other departments of the Company which have since been established are the whole sale and the Hardware/Technical departments.

The Midland Supplies was set up to promote trade and commercial activities in the state by setting up several shopping centres to supply essential commodities at fair prices to Customers all over the state. Until the opening of its first Departmental Stores and Supermarket in Ilorin, people in the town had to travel to Ibadan to purchase essential house-hold, commercial and industrial goods from the Supermarkets in the city, as there was non in the whole state. The Midland Supplies has the plan to up-grade its shops and stores in Ajaokuta, Okene and Lokoja to Departmental Stores and open bigger shops and stores in the rest local government headquarters in the State.

By the opening of the Departmental Stores and its Hardware/Technical section in Ilorin, as well as the medium size shops and stores in the major cities and towns in the state, K.I.C. has, through the commercial activities of the Midland Supplies Company, promoted commerce and trade in the State. Other enterprises that K.I.C. has promoted or contributed to their promotion are:-

1. <u>The Prospect Textiles Mill (Ltd)</u> This mill is owned by indigenes of Kwara State and located in Ilorin. It is to produce yarns to boost the local weaving industry in the town as well as other textile industries in the country. K.I.C. invested a lot of capital in the project

in order to rescue it from its financial difficulties so as to prevent it from being dissolved. K.I.C.'s participation in the project has helped to keep the mill in operation.

2. The Oro Bicycle Industry This company was formed by indigenes of Kwara State and based in Oro. It was set up to manufacture bicycle spare parts. The State Government directed K.I.C. to invest in the project in order to keep the mill running and to prevent it from winding up for lack of operational funds with a view to promoting the industry in particular and the industrialisation of the state in general.

3. Savannah Precast Concrete and Terrazo Industry Limited

Like the Prospect Textiles and the Oro Bicycle Industry, the Savannah Precast Concrete and Terrazo Industry was promoted by indigenes of Kwara State, but the State Government, through K.I.C., has invested much capital in the project with a view to promoting the Industry in the State. The industry is situated in Ilorin and it produces various types of blocks, concrete rings, electric poles etc. Its electric poles has assisted REB to be in a position to execute its rural electrification scheme with ease as far as the supply of electric poles are concerned.

4. The Kwara Steel and Engineering Company The Company is wholly owned by K.I.C. and located in Ilorin. It is to produce metal furniture. It is set up primarily to boost the metal and steel industry in the State with a view to expanding the economic base of the State.

5. The Kwara Paper Converter (Ltd) This enterprise is virtually a K.I.C. venture as its partners have not contributed much to the project. It is set up primarily to produce exercise books and other writing materials in commercial quantity. Its activities are expected to include the printing and publishing of books.

6. The Kainji Textiles Mills K.I.C. is the major Shareholder in this company. It has so far invested a total of ₦1,323,533.00 on the project. It is cited in New Bussa in the Borgu L.G.A. of the State. K.I.C.'s interest in the project is to promote the textiles industry in the State. It is to manufacture lace materials.

7. The Jakura Marble Industry This mining industry is located in the marble producing area of the State. That is at Jakura in Kogi L.G.A. of the State. The project was promoted by the Federal Government of Nigeria, and financed by a number of other partners of which K.I.C. is one. K.I.C.'s participation is primarily to promote

the marble industry in the State. Its products include marble chipps, slabs and powder etc. Its factory at Lokoja is meant to produce several house-hold materials such as tiles, basins, marble cups, chairs and glass materials like drinking glass cups, plates and bottles etc.

8. The New Nigeria Timber Company Ltd. K.I.C. bought over 60½% of its shares and thus becomes the major share holder. The mill is located in Okura-Lafia in the then Dekina L.G.A. of Kwara State. It produces sawn timber of various sizes for sale locally, that is in Nigeria. It also produces dredged logs for export. K.I.C.'s interest in the project is aimed at indigenising the industry in pursuance of the indigenisation policy of the Federal Government, in addition to boosting the industrial development of the State.

9. The Kwara Food Production Company The company was wholly owned by K.I.C. and was established in 1972 to embark on large scale production and processing of food and cash crops, as well as, livestock and their marketing. The company was set up to boost agricultural development in the State. It had a total of about 200 acres each of rice and maize fields respectively in the rice and maize growing areas of the State. It also had big poultry projects in Ilorin and Okene (Ageva) as well as about 200 acres each of cassava and citrus farms in

Obbo-Ile. All its farm projects have been taken over by its successor the A.D.C.

10. The Nigerian Yeast and Alcohol Manufacturing Company

The company is located in Bacita and produces yeast, spirits and alcohol. K.I.C. has 5.5% of its equity shares. Its participation is to boost the chemical industry in the State.

11. The Property Development Company The Property Development Unit of K.I.C. was to be constituted into a Property Development Company, but with the creation of the Kwara Housing Corporation (KWHC), the idea was shelved. The Property and Housing Unit of K.I.C. supervised the construction of the Federal Low Housing Scheme at Kulende, Ilorin for the Kwara State Government which handled it on behalf of the Federal Government. The Property and Housing Development Unit of K.I.C. was developed and constituted into the nucleus of the present Kwara State Housing Corporation.

K.I.C. also promoted several industrial and commercial enterprises outside the State by investing in them. They include the following:-

(Please see list of the enterprises and the value of investment on the next page)

| | Company | Investments by 1975 | Investment by 1982 |
|---|---|---|---|
| i) | Berec (Nig.) Ltd | ₦64,800.00 | ₦113,400.00 |
| ii) | Guiness (Nig.) Ltd | ₦ 3,250.00 | ₦ 6,500.00 |
| iii) | Lever Bros " | ₦ 1,250.00 | ₦ 13,828.00 |
| iv) | Berger Paints | ₦ 2,625.00 | ₦ 12,500.00 |
| v) | R.T. Briscoe (Nig) Ltd | ₦ 246.00 | ₦ 1,537.50 |
| vi) | Vono Products " " | ₦ 459.00 | ₦ 1,440.00 |
| vii) | Nigerian Bottling Company; and | ₦ 450.00 | ₦ 702.50 |
| viii) | The Nigeria Stock Exchange | ₦ - | ₦ 100.00 |

From the foregoing analysis it can be seen that K.I.C. has contributed to the economic development of Kwara State by promoting, through investments in or sponsoring of the following economic activities in the State:

1. Engineering and Metal Fabrication
2. Iron-Smelting and Rolling Mills
3. Sawmilling and Lumbering
4. Terrazo Tile Manufacture
5. Paper Products and Stationery Manufacture
6. Animal Feeds Development and Production
7. Supplies Company including Departmental Stores and Motor Sales
8. Bicycle Parts Manufacture
9. Textiles Manufacture
10. Housing Estate and Property Development

11. Agricultural Development
12. Concrete Electric Poles Manufacture; and
13. Clay Bricks Production.

K.I.C. also intends to embark on the following projects as soon as it can mobilise sufficient capital for the same. They were already contained in the corporation's 1982 budget for execution.

| | | | | | |
|---|---|---|---|---|---|
| 1. | Flour Mill estimated at | - | ₦4.0 | m | approx. |
| 2. | Gari Processing " " | - | ₦0.3 | " | " |
| 3. | Bakery Plant " " | - | ₦0.2 | " | " |
| 4. | Chalk Manufacture " | - | ₦0.3 | " | "; and |
| 5. | Soap and Detergent Manufacture " " | - | ₦5.5 | " | " |

Other areas in which K.I.C. can be said to have contributed to the economic development of the State include the provision of employement opportunities to hundreds of people in its various subsidiary Companies and establishments and the development of manpower - in terms of the training facilities offered to those in its employment in the various sectors of its economic undertakings. The details of the employment figures will be treated later under achievements of the corporation.

Activities of A.D.C.

In discussing the activities of A.D.C., reference will be made to the contributory activities of the

defunct Kwara Food Production Company (KFPC) because it is the former that laid most of the foundations of the projects that A.D.C. is now well known for. It was the KFPC that begun the rice production project at Shonga, and also installed the rice mill at Pategi. Before the company was dissolved, it had started to produce milled rice under the brand name of 'Eagle Rice' which was sold at subsidised price to the public, in all parts of the country. It also began the Poultry project at Ilorin; and by 1975 it had started to produce large quantities of eggs, day-old-chicks, live and dressed birds for sale to the public at very fair prices. It also started the maize production projects at Elebu, Obbo and Ife-Olukotun and the piggery project at Ajasse. In addition, the KFPC virtually laid all the infrastructural facilities that A.D.C. now utilise in practically all its establishments in various locations all over the State.

A.D.C.'s activities can be classified into three distinct functional areas, namely:-

i) establishment and promotion of agricultural bodies and enterprises;

ii) direct production and processing of food and cash crops; and

iii) offering of assistance or aid to agricultural organisations, bodies, companies, persons etc.

The Corporation's activities will, therefore be examined under these three broad functional areas.

i) Companies Floated by A.D.C.

a) The Cottage Feed Mill at Ilorin This feed mill is wholly owned by A.D.C. and produces animal feeds primarily for the feeding of the corporation's poultry and piggery projects and a few extra bags for sale to the public. It has a daily production capacity of 72 tons of feed if operated on 24 hrs basis. The mill utilises mainly the corporation's maize and rice as its raw materials.

It is observed that the mill is being run on profit making basis and has since been converted into a limited liability company. It is however not being utilised at full capacity for lack of adequate raw materials. The insufficiency of raw materials is responsible for its low production. In 1981 for instance, its production stood at -

- 538.1 metric tons of poultry feeds; and
- 58.( metric tons ofPiggery feeds. These represent about 1/3 of its production capacity since the mill is operated for only 8 hrs per day instead of 24 hours.

It is also observed that the prospect of the mill is very bright as the demand for animal feeds in the State, and in the country as a whole, is very high. If the Feed Mill project is adequately funded, it would be able to increase its production, and even embark on

expansion projects that would enable it produce more feeds to meet the market demand in the State.

ii) A.D.C.'s Agricultural Undertakings

(a) The Poultry Project The corporation has two big poultry projects in the State. The bigger one is at Oke-Oyi near Ilorin and the other is at Ageva near Okene. The poultry farms are made of Parent Stock, Eggs and Broiler production sections, as well as, a Hatchery and Broiler processing Unit. There are facilities for a weekly production of 27,000 day-old chicks from the incubators and hatchers, and a housing of 60,000 layers at Oke-Oyi farm, 15,000 at Ageva farm and an annual turn-over of 60,000 broiler at the River Side Farm in Ilorin.

Eggs are directly distributed to consumers and also through a net-work of distributions from within and outside the State. It was observed, however, that the poultry products were initially very high and available at subsidized prices in and around Ilorin, but scarce in fairly distant places like Lokoja, Pategi and New Bussa to mention just a few towns in the State. This gave the impression that the market was saturated and this contributed to the decline in production which by 1981 stood at:-

i) 2,309,646 - units of Eggs sold for about ₦255,352.38

ii) 13,294 - live birds sold for about ₦ 70,874.00

iii) 21,904 - dressed birds sold for about ₦ 7,729.20

Total sale of poultry products in 1981 stood at

= ₦333,955.59[9]

Another factor that was responsible for the decline in production was the subsequent decline in the working capital made available to the corporation. For further details on the 1981 production see appendix II A and B.

(b) Cereal Production Project

Both maize and guinea-corn are produced on mechanized farms. The guinea-corn production is on a pilot stage. It is being introduced with a view to meeting the future heavy requirement of cereal grain for the Feed Mill Company. Maize is grown in four main areas:-

(a) Elubu Farms (200 acres) (1978)

(b) Obbo Farms (300-400 acres)

(c) Ife Olukotun farm (70 acres)

(d) Shonga farm (1,304 acres)

It was observed that the yield of maize per acre is very low as the total value of the input is too high for the total value of the output. The cost of weeding for instance was observed to be very high as the weeds grow very rapidly to out grow the crops. Some research is going on on how to minimise the effect of weeds on crops by removing them by the use of herbicides.

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9. Source The A.D.C.'s 1981 Annual Report page 21.

(c) Rice Production

The corporation grows some rice on commercial scale along the River Niger Flood plains at Shonga. The average area cultivated in any single year was observed to be about 1,000 acres in view of the limited funds at the disposal of the corporation. Yields per acre were noticed to be low in relation to the in-put, however, the yields in some areas were observed to be as high as 2.5 tonnes per hectare which is considered fair. It was observed that higher yields were possible if the rice were grown on irrigated lands; and the Niger River Basin Authority had been contacted to provide irrigated lands for the corporation at the proposed Tada-Shonga Irrigation Scheme as the Corporation does not have the funds with which to embark on any irrigation project at the time of this study. The prospect of this industry, therefore, depends very much on the capability of the corporation to irrigate land and/or obtain the same for the growing of her rice. Experience has shown that high and reliable yield can only be quaranteed on irrigated land as the growing season can be varied from time to time so as to prevent the rice from maturing during the migratory seasons of the birds that eat up the fruits. Irrigation would also make it possible to grow rice twice every year or all the year round.

(d) The Rice Mill Project

This project is located at Pategi, the heart of the traditional rice growing area of the State. The Mill has an annual capacity for 4,800 tonnes of paddy rice if operated on a single shift of eight hours per day working for 360 days in a year. It is fed with paddy rice produced on A.D.C.'s farm at Shonga which supplements the purchases from farmers. In 1981 a total of 2,730 bags or 27.30 tons were received from the Shonga rice plantation. The milled rice was marketed under the brand name of 'Eagle Rice' under the defunct Food Production Company. The Mill produces both parboiled and unparboiled (white) rice. The corporation's parboiled rice delivered at Ilorin has always helped to reduce the degree of the scarcity of rice in the town and its immediate environs. Its supplementary effects were most realised in 1980 when the Civilian Administration restricted the importation of foreign rice into the country by placing it on licence. In the absence of sufficient imported rice, the Pategi rice mill products became very popular and sold like hot cakes in the State.[10]

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10. Source This researcher was an eye witness to the crowd that use to gather daily to purchase the corporation's rice at the A.D.C. Secretariat in Ilorin in 1980.

(e) Cassava Production Project

This project commenced in earnest in 1979 with the planting of 65 hectares of cassava at Obbo. It is planned to establish several hectares of cassava farms in all the cassava growing areas of the State with a view to establishing several mini-gari processing plants all over Kwara to produce gari in large quantities for sale to the people. As at the time of this study, the cassava tubers are being sold to local people for the making of gari and cassava flour, for local consumption as the corporation has not installed its gari processing equipment.

(f) Citrus/Production

This project is intended mainly to produce budded seedlings for sale to the public at very fair and reasonable price with a view to encouraging individuals to plant sweet oranges, grapes, and tangerine for the family consumption, and occasional sales to neighbours in order to improve their diet. It is also aimed at encouraging local farmers to own orchards thereby producing fruits like oranges etc. for sale to the corporation and thus complement her proposed large scale production which is intended to feed the proposed fruit processing plant.

In 1980, the corporation produced 25,000 seedlings which were sold as follows:[11]

| | | |
|---|---|---|
| Sokoto State | - | 3,000 |
| Bornu State | - | 1,833 |
| Gongola State | - | 6,666 |
| Niger State | - | 500 |
| Individuals in Kwara State | - | 2,102 |

The balance was planted by the corporation itself.

(g) The Piggery Project

The corporation has about 200 sow unit piggery at Ajasse-po. When the farm is fully developed it would be able to produce 2,500 fatterners annually. Since the establishment of this farm in 1977 it has not been possible to attain the set target as a result of shortage of funds which has not made it possible to employ qualified and competent staff to manage the project. Its expansion has greatly been inhibited by lack of market for fatterners produced. The population of the farm has, however, grown from 170 pigs to 1,000 during the 1977-78 financial year inspite of high mortality rate due to the out break of various cases or pork diseases. The future of this project is not bright at all because of lack of market for the pork. Even at the time of this study both the government and

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11. Source The corporation's 1981 Annual Report page 6.

the corporation were contemplating on closing down the farm since the corporation cannot find enough market for the Porkers.

(h) Coffee Production Project

The corporation's objective for embarking on this project is to establish a plantation that would be capable of producing adequate coffee beans to feed the proposed coffee manufacturing factory that it intends to establish in the coffee growing area of the State. It is also intended that the plantations would serve as models for the local farmers in the neighbourhood; since they will be managed as demonstration farms on the most modern and scientific agricultural techniques. This is intended to teach the local farmers, the modern methods of establishing and maintaining coffee plantations with a view to increasing their production and consequently their income as the corporation would buy their products to feed the proposed coffee manufacturing factory.

iii) Subsidized Services or Aid Being Rendered by A.D.C. to Agricultural Organizations; Bodies or Persons

The A.D.C. provides the following services to the public at very fair and reasonable costs:-*

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Source 1981 Annual Report of A.D.C.

i) Provision of improved seeds and seedlings as well as planting materials.

ii) offering of technical advice.

iii) shelling of maize and drying

iv) land preparation - which includes ploughing, harrowing and ridging.

v) evacuation/transportation of produce; and

vi) offering of practical training to agricultural students from the Universities, Colleges of Technology and Schools of Agriculture. The University of Ibadan, Kwara College of Technology Ilorin, and the Kaduna and Sokoto Polytechnics have sent several of their students for practical training on industrial attachment basis.

In her efforts to assist farmers, the corporation in 1981 prepared a total of 125 hectares of land for farmers at Shonga, Lade, Osi and Ilorin. It also assisted farmers to evacuate their produce at very fair costs at Shonga and Obbo. Under its subsidized Tractor Hiring Services it cleared about 200 hecters of land at Ife-Olukotun in 1981. Total land area cleared at all project sites in 1981 is about 1000 acres.

In order to boost the production of rice in the rice growing areas of the State in 1976, the corporation

offered improved varieties of rice and planting materials free to farmers in addition to free technical advice, with a view to increasing their production and thus income, and in anticipation for a steady source of supply of paddy rice to the corporation for feeding its rice mill in Pategi. The objective to increase the farmers yield was achieved but the farmers refused to sell the same to the corporation at fair and reasonable price to enable it have a steady source of supply from them to feed its rice mill in Pategi.

Assessment of the Contributions of K.I.C. and A.D.C. to the Economic Development of Kwara State

Having analysed the activities of K.I.C. and A.D.C. in relation to their roles and functions, one is now in a position to attempt an objective assessment of their contributions to the economic development of the State. The analysis will begin with the examination of whether or not the two parastatals have performed the functions assigned to them and/or fulfilled the objectives for which they are set up. Later an attempt will be made to examine the degree to which they have contributed to the economic development of the State.

K.I.C.'s Achievements and Contributions to the Economic Development of the State

It would be recalled that K.I.C. was set up to promote the rapid economic development of the State by

promoting industrial, commercial and agricultural activities and undertakings in the State. From the analysis of the activities of the corporation on pages 50 - 58 in this chapter, it can be seen that K.I.C. has promoted a number of commercial, industrial and agricultural enterprises as listed in the following tables on pages 71-76

| A | B | C |
|---|---|---|
| COMMERCIAL | INDUSTRIAL/SHARES | INDUSTRIAL/PROJECTS |
| Midland Supplies | 1. Berec (Nig) Ltd. (64,800) | 1. Prospect Textiles Mill (150,000) |
| | 2. Guiness (Nig) Ltd. (80,000) | 2. Oro Bicycle Industry (80,000) |
| | 3. Liver Bros. (1,250) | 3. Savanah Concrete Indust. (200,000) |
| | 4. Berger Paints (2,625) | 4. Kwara Steel and Engineering Ind. (100,000) |
| | 5. R.T. Briscoe (246) | 5. Kainji Textiles (1,300,000) |
| | 6. Vono Products (459) | 6. Kwara Metal and Chemical Indust. (80,000) |
| | 7. Nigerian Bottling Company (450) | |

| D | E | F |
|---|---|---|
| MINERAL EXPLOITATION | AGRIC & FORESTRY | BUILDING INDUSTRY & PROPERTY DEVELOPMENT |
| Jakura Marble | 1. Northern Nigerian Timber Com. Ltd. (700,000) | 1. Moonco Properties Ltd. (210,000) |
| | 2. Kwara Food Production Comp. (100,000) | 2. Tiles & Concrete Products Manufacturing Unit (146,100) |

Total Value of Investments= ₦5,161,000.00

Source K.I.C. An Investment Agency Owned by the Kw. State Govt.; Nigeria, KWPPC, 1975 page 27.

INVESTMENT ON PROJECTS INITIATED/PROMOTED BY K.I.C. AS AT DECEMBER, 1982

| No. | Establishment | Location | Value of Investment ₦ | Remarks |
|---|---|---|---|---|
| 1. | Midland Supplies Ltd. | mainly in Ilorin | ₦1,046,000 | Performing well but now an autonomous company Independent of K.I.C. |
| 2. | Key Construction Company | Ilorin | ₦245,474 | Transferred to Housing Corp. which is not performing too badly. |
| 3. | Moonco Properties | Lagos | ₦210,000 | Transferred to Benue State Government and reported to be performing very well. |
| 4. | New-Bussa High Income Estate | New-Bussa | ₦191,485 | Transferred to KW.H Corporation and it is not yielding much dividents. |
| 5. | Ilorin High Income Estate | Ilorin | ₦124,355 | " " " |
| 6. | Realistic Housing Estate | Ilorin | ₦ 9,060 | " " " |
| 7. | NIYAMC | Bacita | ₦37,500 | Performing well |
| 8. | Northern Nigeria Timber Company | Okura-Lafia | ₦700,000 | Transferred to Benue State Government and reported to be performing well. |

| No. | Establishment | Location | Value of Investment | Remarks |
|---|---|---|---|---|
| 9. | Savannah Precast Concrete Industry | Ilorin | ₦ 200,000 | Performing well. |
| 10. | Kwara Food Production Company (now A.D.C.) | Ilorin | 100,000 | Some of her establishments like the Feed Mill and the Poultry Projects are performing very well. |
| 11. | Jakura Marble Industry | Lokoja | 467,500 | Performing well, but K.I.C.'s shares have been taken over by the State Government. |
| 12. | Kwara Commercial Metal and Chemical Industry | Ilorin | 80,000 | Investment withdrawn. |
| 13. | Kwara Paper Converter Ltd. | Erin-Ile | 400,000 | It is now an autonomous Company. Its performance is reported to be encouraging in spite of its young age. |
| 14. | Kwara Steel & Eng. Industry | Ilorin | 700,000 | Still finding its feet, and yet to be fully established. |
| 15. | Kwara Clay Bricks Industry | Ilorin | | Still finding its feet. It is not yet fully established. |
| | T O T A L | | ₦4,585,039 | |

Source, Memo submitted by K.I.C. To Daniyan Panel in 1981 by K.I.C. page 2.

INVESTMENTS OR PROJECTS TAKEN OVER AT THE INSTANCE OF THE STATE GOVERNMENT BUT PAID FOR BY THE CORPORATION

| No. | Establishment | Location | Investment | Remarks |
|---|---|---|---|---|
| 1. | Oro Bicycle Industries | Oro | ₦80,000 | Liquidated |
| 2. | Kainji Textiles Mills | New-Bussa | ₦2,561,580 | Grounded |
| 3. | Prospect Textiles | Ilorin | 560.00 | Still functioning |
| | T O T A L | | ₦3,291,580.00 | |

Source Memo on K.I.C. submitted to Daniyan Panel on the Review of the Role of Parastatals in Kwara State Economy, page 2 submitted by K.I.C.

K.I.C.'s shares in the following enterprises had risen considerably by December, 1982. The following table shows the increased values.

TABLE T.3.4

| Enterprises | Investments by 1975 | Investments by 1982 | Increase in monetary values | Percentage of increase |
|---|---|---|---|---|
| 1. Berec (Nig) Ltd. | ₦64,800 | ₦113,400 | ₦48,600 | 75% |
| 2. Chiness (Nig) Ltd. | 3,250 | 6,500 | 3,250 | 100% |
| 3. Berger Paints | 2,625 | 12,500 | 9,875 | 376% |
| 4. Lever Brothers (Nig) Ltd. | 1,250 | 13,828 | 12,578 | 1006.24% |

| Enterprises | Investments by 1975 | Investments by 1982 | Increase in monetary values | Percentage of Increase |
|---|---|---|---|---|
| 5. R.T. Briscoe | ₦246 | ₦1,537.50 | ₦1,291.50 | 524.8% |
| 6. Veno Products | 459 | 1,440.00 | 981.00 | 213.7% |
| 7. Nigeria Bottling Company | 450 | 702.50 | 252.50 | 56% |
| 8. Nigeria Stock Exchange | - | 100.00 | 100.00 | |
| T O T A L | ₦73,080 | ₦150,008.00 | ₦76,928 .00 | 105% |

Source Computed from the figures of investments/shares for the years 1975 and 81 respectively.

According to K.I.C.'s 1982 draft estimate submitted for approval, the following projects were ready for execution if funds were made available by Government for their establishment/construction.

TABLE T.3.5

| | Project | Estimate |
|---|---|---|
| 1. | Flour Mill | ₦4.0m approx. |
| 2. | Gari Processing Plant | 0.3m. " |
| 3. | Bakery Plant | 0.2m. " |
| 4. | Chalk Manufacture | 0.3m. " |
| 5. | Soap and Detergents | 4.5m. " |

Source K.I.C.'s 1982 Proposed Budget, page 4.

In terms of the performance of the functions and objectives for which K.I.C. was set up, it did not do badly during her initial years of operation, because she promoted/initiated well over ten viable industrial and commercial projects between 1972 and 75. (see Tables T.3.1 and T.3.2 By 1982, although there were not many new enterprises promoted, established and commissioned, she succeeded in increasing her shares in some of the companies she had invested in, as can be seen on Table T.3.4.

In terms of K.I.C.'s contribution to the economic development of the State, most of the industrial ventures set up by the Corporation as enumerated on pages 50 - 58 of this report are very essential to the socio-economic development of the state, especially the construction and engineering enterprises whose products are required for the building of a growing economy like ours. The Midland Supplies Company's Supermarket in Ilorin for example was the first of its type in the state, and it assisted in providing essential goods at fair prices to the populace. The company's trading activities through its numerous small scale shops in the major towns in the state did promote trading activities. It was observed that the success of the company confirmed the great commercial potentials in the state, and this stimulated prospective business men to go into the industry. This has contributed immensely to the emergency and growth of several big and small supermarkets and Departmental Stores springing up all over the state.*

From the fore-going analysis, it can be seen that K.I.C. has performed to some appreciable degree, the functions assigned to her. It has also achieved to some degree, the objective for which it was set up by engaging in economic activities in commercial,

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*Source Findings of the researcher during the course of this study.

industrial and agricultural sectors which have resulted in the emergence of several essential economic enterprises which have broadened the base of the economy (see tables T.3. 1-4 of this chapter). With the broadening of the base of the economy, more job opportunities have been created. The total number of persons in the employment of K.I.C. and her subsidiaries are not much because K.I.C.'s undertakings have not been fully expanded to a degree that much employment opportunities had been provided. It is only the A.D.C. that was observed to have offered employment to a fairly large number of people; to be precise to 192 permanent staff and 1,731 casual labourers in 1981 as contained in its 1981 annual report. In addition, K.I.C. nas assisted in the training of manpower by offering training facilities to some of her employees, and some consultancy services to other industrial and commercial organisations and individuals in the state by way of management advice and supervision. It can therefore be inferred that K.I.C. has performed and contributed her quota, to some degree, to the economic development of the state.

A.D.C.'s Contribution to the Economic Development of Kwara State

The defunct KFPC and its successor, the A.D.C. have contributed their quota to the economic development of the

State by promoting the development of the agricultural sector of the economy through the establishment and fostering of the following agricultural projects.

i) large scale poultry farms for the production of eggs, live and dressed birds at Oke-Oyi and Ageva in Ilorin and Okene areas of the State respectively, for sale to the public at fair prices. In Oke-oyi farm alone it produced a total of the following poultry products in 1981:-

Table T.3.6

| Products | Quantity | Value in ₦ |
|---|---|---|
| 1. Live Birds | 13,107 | ₦29,710.00 |
| 2. Processed Birds | 12,252 | 7,434.50 |
| 3. Eggs | 2,105,526 | 255,352.00 |
| T o t a l | | ₦292,496.50 |

Source 1981 A.D.C. Annual Report page 16 appendix V.

For the detailed break-down see appendix II A & B.

ii) mechanised large scale farms for the production of large scale rice, maize, cassava etc. at the Shonga rice and maize farms; Obbo maize, cassava and citrus farms; and the Elebu and Ife-Olukotun maize farms. The estimated land area under each crop is as follows:

| | | | | |
|---|---|---|---|---|
| 1. | Rice | - | 1000 | acres |
| 2. | Maize (Elebu) | - | 2000 | " |
| 3. | Maize (Obbo) | - | 400 | " |
| 4. | Cassava " | - | 163 | " |
| 5. | Citrus " | - | 200 | " (1982) |

Source 1981 A.D.C.'s Annual Report

In 1981 a total of 27.3 tons of rice was harvested from the Shonga Farm.

iii) production of milled rice at the Pategi rice mill for sale to the public at subsidized price.

iv) gari processing projects; and

v) manufacture of animal feeds from its cottage feed mill at Ilorin;

In addition to the corporation's main functions of large scale production and processing of food and cash crops for feeding people as well as the agro-based and agro-allied industries, it has offered employment to a number of people in various fields as itemised on page 81:

Table T. 3.7

| Occupational Group | No. of Persons |
|---|---|
| 1. Administrative Officers/Managers, Agric Officers/Managers, Economists, Marketing Officers/Managers and Engineers etc. | 10 |
| 2. Agric Superintendents, Works Superintendents, Supervisors etc. | 18 |
| 3. Executive Officers of various grades, Clerical Officers and Assistants, Confidential Secretaries, Typists etc. | 25 |
| 4. Poultry, Piggery, Marketing and Stores Attendants etc. | 35 |
| 5. Factory and Plant Operators, Welders, Mechanics and other Craftmen | 30 |
| 6. Drivers, Tractor Operators/ Drivers etc. | 45 |
| 7. Guards/Watchmen, Clearners and Messengers etc. | 25 |
| 8. Other Office, Workshop and Craftmen Aids. | 6 |
| 9. Casual labourers | 1,731 |
| T O T A L = 1,731 Temporary staff } = 192 Permanent staff ) | 1,923 |

Source 1981 A.D.C.'s Annual Report. See appendix III for the detailed break-down of the labour analysis.

The corporation provides temporary or casual employment to hundreds of people (mainly farmers) during the weeding and harvest seasons. In 1981 for instance it offered several hundreds of people such employment. See appendix III for the details of the labour analysis.

A.D.C. also offers the following developmental services to the public:-*

i) technical advice to farmers

ii) sale of improved varieties of crops (seeds and seedlings) at subsidized prices to farmers.

iii) preparation and allocation of cultivatable lands for farming to prospective farmers at subsidized rates. For instance about 500 acres of land at Obbo and Ife-Olukotun project areas were prepared in 1981.

iv) practical training facilities to students of agriculture on industrial attachments. In 1981 45 students benefited from this training programme.

By the promotion and establishment of the rice, maize cassava, citrus, piggery and poultry farms referred to earlier, in this chapter, and by the offering of the above listed agricultural services A.D.C. has performed the

*Source A.D.C.'s Annual Report for 1981.

functions and objectives for which it is established; its activities have increased the production and processing of agricultural products in the state. The rice mill at Pategi and the proposed gari processing mills, as well as, the proposed coffee and fruit processing plants are all efforts aimed at increasing the processing of agricultural products, and thus quantity of food in the State. The following table on pages 84 - 85 for example shows the break-down of the corporation's poultry, animal, rice and livestock feeds production in 1981.

MONTHLY SALES OF EGGS, LIVEBIRDS, DRESSED BIRDS, PORK, MILLED RICE AND LIVESTOCK FEEDS BY MARKETING DEPARTMENT

B R A N D S

| MONTH | EGGS | LIVEBIRDS | DRESSED BIRDS | DRESSED PORK | MILLED RICE | LIVESTOCK FEEDS | GRAINS/ ROOT CROPS |
|---|---|---|---|---|---|---|---|
| Jan. | 32,995 Doz<br>₦<br>45,291.90 | 592<br>₦<br>2,960.00 | 665<br>₦<br>2,407.20 | 2 pigs<br>₦<br>152.50 | 12.05 Tons<br>₦<br>7,073.00 | 2.175 Tons<br>₦<br>932.00 | ₦ |
| Feb. | 27,615.5 Doz<br>₦<br>37,345.53 | 200<br>₦<br>1,000.00 | 168<br>₦<br>737.60 | 30 pigs<br>₦<br>4,887.50 | 13.175 Tons<br>₦<br>8,298.00 | 0.1 Ton<br>₦<br>33.92 | |
| Mar. | 23,000.5 Doz<br>₦<br>30,094.10 | 265<br>₦<br>1,325.00 | 157<br>₦<br>1,897.00 | 15 pigs<br>₦<br>1,630.00 | 8.28 Tons<br>₦<br>5,205.00 | 0.278 Tons<br>₦<br>174.33 | |
| April | 19,577 Doz<br>₦<br>25,632.35 | 906<br>₦<br>4,530.00 | -<br>₦<br>- | -<br>₦<br>- | 6.52 Tons<br>₦<br>4,160.00 | -<br>₦<br>- | |
| May | 16,237 Doz<br>₦<br>21,500.90 | 725<br>₦<br>3,625.00 | 570<br>₦<br>1,120.00 | 72 pigs<br>₦<br>10,595.00 | 7.69 Tons<br>₦<br>5,830.00 | -<br>₦<br>- | |

AGRIC DEPT. HANDLED THE SALES OF GRAINS AND ROOT CROPS DIRECTLY FROM EACH PROJECT LOCATION.

| MONTH | EGGS | LIVEBIRDS | DRESSED BIRDS | DRESSED PORK | MILLED RICE | LIVESTOCK FEEDS | GRAINS/ ROOT CROPS |
|---|---|---|---|---|---|---|---|
| June | 13,655 Doz<br>₦<br>18,264.95 | 1,452<br>₦<br>8,825.00 | -<br>₦<br>- | 24 pigs<br>₦<br>3,845.00 | 3.05 Tons<br>₦<br>2,010.00 | -<br>₦<br>- | |
| July | 3,515 Doz<br>₦<br>4,723.95 | 3,484<br>₦<br>18,889.00 | 887<br>₦<br>1,000.00 | 3 pigs<br>₦<br>33.75 | 5.31 Tons<br>₦<br>3,540.00 | -<br>₦<br>- | |
| Aug. | 10,981.5 Doz<br>₦<br>14,517.50 | 1,088<br>₦<br>6,540.00 | 100<br>₦<br>345.00 | 4 pigs<br>₦<br>255.00 | 5.43 Tons<br>₦<br>3,770.00 | -<br>₦<br>- | |
| Sept. | 13,027 Doz<br>₦<br>17,281.90 | 1,528<br>₦<br>7,849.00 | 393<br>₦<br>1,413.20 | 2 pigs<br>₦<br>360.00 | 1.10 Tons<br>₦<br>730.00 | -<br>₦<br>- | |
| Oct. | 7,347 Doz<br>₦<br>9,452.50 | 1,442<br>₦<br>7,279.00 | 10<br>₦<br>44.00 | 41 pigs<br>₦<br>3,810.30 | 4.76 Tons<br>₦<br>3,120.00 | -<br>₦<br>- | |
| Nov. | 13,468.5 Doz<br>₦<br>77,701.80 | 17<br>₦<br>79.00 | -<br>₦<br>- | 77 pigs<br>₦<br>4,919.35 | 9.9 Tons<br>₦<br>6,732.00 | -<br>₦<br>- | |
| Dec. | 17,785 Doz<br>₦<br>22,102.25 | 1,595<br>₦<br>7,975.00 | 24<br>₦<br>87.20 | 5 pits<br>₦<br>549.25 | 2.6 Tons<br>₦<br>1,832.00 | -<br>₦<br>- | |
| GROUND GRAND TOTAL | 214,470.5<br>₦<br>322,354.38 | 13,294<br>₦<br>70,874 | 2,974<br>₦<br>9,029.20 | 275 pigs<br>₦<br>31,334.65 | 81.86 Tons<br>₦<br>52300.00 | Public Sale<br>₦<br>₦1,140.25 | |

CONCLUSION

From the examination of the roles and functions as well as the activities of K.I.C. and A.D.C. and the assessment of their contributions to the development of the state economy, the following generalisations can be made:-

i) that K.I.C. and A.D.C. have performed the functions assigned to them. K.I.C. for instance has promoted several industrial, commercial and agricultural projects as analysed in this chapter (pages 50 - 58 ). Similarly A.D.C. has promoted the development of agriculture in the state by producing and processing or causing to be produced and processed both food and cash crops in large quantities for human consumption as well as for feeding the agro-based and agro-allied industries. Please see pages 58 to 69 for the activities of the corporation in this direction.

ii) that K.I.C. and A.D.C. have contributed their quota to the development of the state economy by enlarging the economic base, and promoting a self-sustaining economic growth, through the fostering and establishment of agricultural

projects like the rice mill, the feed mill, and the proposed gari and fruits mills that can utilise locally produced raw materials like paddy rice, maize, cassava and fruits to produce essential processed food items for human and animal consumption.

iii) that K.I.C. and A.D.C. are capable of developing the state economy by promoting industrial, commercial and agricultural undertakings if properly funded and managed; and can therefore be regarded as development agents or vehicles for socio-economic change/ development.

## CHAPTER FOUR

## Operational and Management Problems of K.I.C. and A.D.C.

In this chapter, an attempt will be made to analyse all the legal, operational, management and environmental factors that militate against the smooth working of parastatals and reduce their degree of performance, with a view to identifying possible solutions that can contribute positively to their effective and efficient operation and performance, and make them achieve the objectives for which they are set up. This analysis will involve, among other things, the examination of the laws that establish the organisations, their structural set up, the quality of their governing boards, managements and staff, and the environmental constraint that might be impeding their performance.

### The Laws Establishing the Parastatals

The Edicts establishing the parastatal organisations attempt to define adequately, the terms used in the edicts, such as Corporation, Government, Company, Board, Chairman Management, Staff, etc. as well as the composition of the organisations and the powers of the parastatals. It is, however, observed that the Edicts fail to state clearly, the roles, functions and objectives of the organisations. A critical examination of some of the edicts which

establish the parastatals would confirm this. For instance, the edict which establishes the A.D.C. does not specifically state the objectives of the corporation or the role it is expected to play in the economic development of the State. A critical look at the edict would unfold this as would be seen in the subsequent paragraphs that attempt to demonstrate it. Similarly, the responsibilities assigned to the parastatals are so numerous that most of them cannot cope effectively. It can, therefore, be proposed that the numerous functions and complex roles they are expected to play do not make for their good performance especially when managed by incompetent, irresponsible, corrupt and uncommitted managements, since managements that fail to perform to expectation can easily refer to these unfavourable, obvious problems as the major causes of their failure. The enabling acts or laws of the parastatals, therefore constitute part of the problems that work against the effective and efficient performance of some of the parastatal organisations by not clearly defining their roles and objectives, in addition to assigning numerous functions/responsibilities which many of them cannot combine and perform effectively.

The Edict establishing the A.D.C. for instance does not even contain the objectives of the Corporation or the role it is expected to perform in the economic development of the State. It is observed that the objectives for which the Corporation is established can only be inferred from its numerous duties or powers, which for the purpose of authenticity will be quoted in verbaltim.[1]

The duties assigned to the Corporation by Government as spelt out in the enabling edict are itemised as follows.[1]

(i) to formulate and carry out or cause to be carried out, approved projects for improved production and development of all forms of agricultural operations in the State.

(ii) if and when directed by the Commissioner to take over the direct administration and future development and expansion of any farm settlement scheme initiated by the government subject to such directions and conditions as the Commissioner may, approve, due regard being paid to existing rights and obligations of the government or any other authority or person at the time of such take over.

(iii) to stimulate agricultural incentives and to encourage the participation of farmers and indigenous persons in the carrying out of approved projects of the Corporation.

The Corporation is given some powers to embark on certain activities which can be regarded as part of its responsibilities. The powers vested in the Corporation as contained in section G.2 of its enabling edict ...

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1. Source Extracted from the Kwara State Government Gazette No.4 of 1978.

include:[2]

(i) powers to carry out such investigations as are necessary for the formulation of approved projects;

(ii) to establish or promote the establishment of companies or other bodies to carry on activities in connection with an agricultural undertaking which is an approved project either under the control of the corporation or independently;

(iii) to establish or operate any agricultural undertaking comprised in any approved project either directly or through a person, company or other bodies with whom the Corporation is acting in association.

(iv) to invest or acquire interest in any Company which is carrying on or intends to carry on an agricultural undertaking.

(v) to guarantee any undertaking given in relation to the finance of any person, company or other bodies carrying on activities in connection with an approved project or the performance of any contract by such person, company or other bodies.

(vi) to dispose of any interest, if considered necessary by the corporation, it may have in any company;

(vii) to appoint any person to act on behalf of the corporation as director of any company carrying on an agricultural undertaking in which the corporation has an interest, or appoint such person in any other capacity in relation thereto.

(viii) to assist persons, companies or other bodies with whom the corporation is associated in any agricultural undertaking comprised in an approved project by providing technical, advisory and managerial assistance or plant or machinery for the purpose of the project;

(ix) to enter into such contracts as may be necessary advantageous or expedient for the performance of its functions.

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2. Source A.D.C. Edict of 1978 as contained in Kwara State Government Gazette No.4 of 1978.

(x) to acquire, purchase, lease, hold, construct, manufacture, or maintain any property what so ever whether movable or immovable, required for or in connection with the performance of its functions, and to sell, dispose of or otherwise deal with such property or any part thereof as the board may from time to time approve.

(xi) to make purchases of plants, equipment, stores and materials and errect buildings and carry out other works in connection with or as part of an agricultural loan made by the corporation.

(xii) to enter into any agreements with any persons:-

i) for the supply, construction, manufacture, maintenance or repair by that person, of any property movable or immovable which is necessary or

ii) for the performance or provision by that person of any service or facility which may be performed by the corporation.

(xiii) to surrender, retransfer, or reconvey security

(xiv) to errect buildings and carry out any other work and undertakings as part of or in contemplation of any agricultural loan made or to be made.

(xv) to enter into any commit ments or other arrangements in respect of planning, issuing, controlling and securing of agricultural loans, subject to the approval of the Executive Council, etc.

From the above list of responsibilities of A.D.C. it can clearly be seen that the corporation has been assigned too many responsibilities; and its role and objective have not been specifically stated. Its major functions are as many as fifteen and can be described as

complex because they include among others, rendering of services to the society at subsidized costs, and embarking on the production of crops to feed people as well as agro-based and agro-allied industries on commercial scale, in addition to the promotion and establishment of agricultural companies, bodies, and even the manufacture of agricultural equipment, materials, tools and impliments. All these functions cannot be easily combined by one organisation and performed satisfactorily except it is adequately funded and managed by a competent, dedicated and industrious management with a committed leadership.

As observed in Chapter three of this report the social responsibilities of A.D.C. which involved the following services weighed much on its scarce resources:-

i) Sale of seeds and seedlings at subsidized prices

ii) preparation of farming lands for farmers at subsidized rates; and

iii) offering of consultancy services to farmers and organisations engaged on approved projects at heavily subsidized prices.

The responsibilities assigned to K.I.C. are similarly numerous, complex and seamless and its role and objectives are not categorically indicated in its Edict. They include powers to:-[3]

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3. Source A.D.C.'s Edict of 1978 as contained in the Kwara State Government Gazette No.4 of 1978.

i) carry out such investigations as are necessary for the formulation of proposals for the purpose of section 8; (i.e. effecting the objects of the corporation).

ii) promote the establishment or expansion of companies or other bodies to carry on activities in connection with an approved project, either under the control or partial control of the corporation or independently;

iii) to lend or to advance money to acquire an interest in or provide, or by underwriting or otherwise, assist in the subscription of capital for any company, person or body engaged in or proposing to establish or to expand or improve any industrial, agricultural or commercial undertaking comprised in an approved project;

iv) guarantee any undertaking giving in relation to the financing of any company carrying on activities in connection with an approved project or the performance of any contract by any such company;

v) appoint any person to act on behalf of the Corporation as a director of any company carrying on activities in connection with approved project or in any other capacity in relation thereto;

vi) carry out activities under an approved project in association with other bodies and persons, including companies, government authorities, local authorities or local government authorities or as managing agents;

vii) assist other bodies with whom the corporation is associated in any approved project by providing technical, advisory or managerial advice and assistance or plant or machinery for the purposes of the project;

viii) establish or operate any agricultural, industrial or commercial undertaking comprised in an approved project, either directly or through a body or person with whom the corporation is acting in association.

ix) acquire, purchase, lease, mortgage hold, construct, manufacture or maintain any property, whatever, whether mov able or immovable, required for or in connection with the purposes of its functions, and to sell, dispose off or otherwise deal with such property or any part thereof;

x) Enter into agreements with any person:-

(a) for the supply, construction, manufacture, maintenance or repair by that person of any property, movable or immovable, which is necessary or appropriate for the purposes of the corporation;

(b) for the performance or provision by that person of any service or facility which may be performed or provided by the Corporation under an approved project; and

(c) generally as may be necessary, advantageous or expedient for the performance of its functions under this Edict;

xi) do anything for the purpose of advancing the skills of persons employed by the Corporation, or the efficiency of the equipment of the Corporation or of the manner in which the equipment is operated including the provision of facilities for training, education and research; and

xii) to make, draw, accept or endorse negotiable instruments.

As mentioned earlier, the above schedule of responsibilities are numerous and do not contain the definite role and objectives of the Corporation. A.D.C.'s management and staff were observed to have held this view too.

For a parastatal organisation to perform well, its functions, roles and objectives should be clearly stated and understood by those who would manage it. In addition, what the government expects of the organisation should also be clearly stated for its management, so that she would know, not only what to do, but how to set about it, in order to achieve the organisation's goal. It was observed for instance, that A.D.C.'s management did not realise on time that the corporation would be expected to finance both its capital and recurrent budgets in the near future, from its internally generated revenue; if she had known this on time she would not have utilised much of its capital for the provision of many infrastructural facilities that she can now not raise adequate funds to put them in operation at full capacity. The Corporation was thus given the impression that both its recurrent and capital programmes would continue to be funded by government until the corporation is capable of generating sufficient revenue on its own for the same, after it must have been fully capitalised and well established.

This confirms that the government did not clearly make known to the management, what it expects of the Corporation, and how soon too. It was also observed that the government gave, this impression to A.D.C. as the

government itself did not know that it would be short of funds so soon after the much celebrated oil boom, and the associated richness of the country of which Kwara State is an integral part.

Having examined how the enabling edicts of the corporations did not clearly state the objectives, roles and functions of the parastatal organisations, and observed that the edicts have not helped the managements and staff of the parastatals to get their organisational aims and priorities right and clear from the onset, we would now proceed further to examine the contraints (if any) that might be posed by the organisational structures of the parastatals.

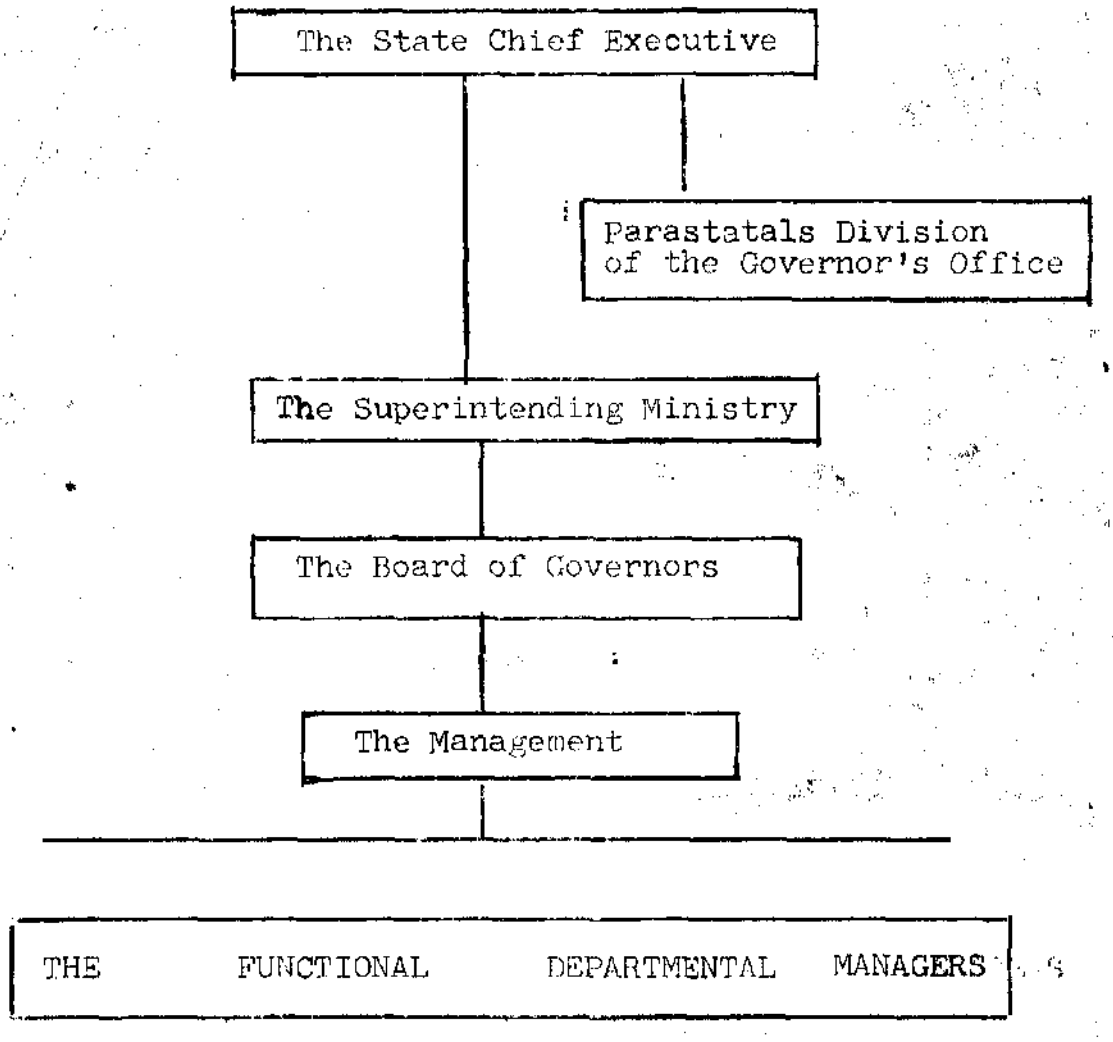
## The Structural-Functional System of Parastatals in Kwara State

Structural-functional system in this paper, means the institutional framework of parastatals and the operations of the component parts to achieve the organisational objectives. In this section, the researcher intends to describe and discuss the structures of parastatals, particularly K.I.C. and A.D.C., in relation to their functions with a view to ascertaining the suitability of the structure to the effective and efficient operations of the organisations.

The Organisation Structure of Parastatals in Kwara State

The following diagram depicts a model organisational structure of a State parastatal.

A Model Organisation Chart of a State Parastatal




Source Compiled by the Management Services Unit of the Office of the Head of Service Ilorin.

In the chart overleaf, the body that has the ultimate say on the affairs of a parastatal is the State Chief Executive, the Governor of Kwara State; in his capacity as the leader and ruler of the peoples of the State on whose behalf the parastatals are set up. When the Chief Executive is taking any major policy decision on the parastatals, he normally seeks for the opinion and advice of his Assistants - the Commissioners who also can be regarded as his Chief Advisers. The State Executive Council, therefore, has much say on important matters that affect the parastatals.

The Parastatals Division of the Governor's Office

This division is a unit of the Governor's Office and is responsible for the policy coordination and the monitoring of both financial and project performance of parastatals. It does not issue policy directives direct to the parastatals, but can communicate with them directly on the day to day administration of the parastatals with a view to making them perform effectively and efficiently. This unit is represented on all the Boards of the parastatals to enable it obtain first hand information on all the deliberations at the Board meetings and to advise the government appropriately.

The Superintending Ministries

Next to the Chief Executive and his Executive Council

are the Superintending Ministries which have cabinet responsibilities for the parastatal organisations under them. Their main responsibility is to ensure that their parastatals perform the functions for which they are established in line with the existing government policies.

The Board of Governors

Below the superintending Ministries are the Boards of Governors of the Parastatals, which are supposed to formulate policies for the managements and issue directives to them on the operations of the parastatals as well as monitor and control their activities to ensure a good performance.

The Management of the Parastatals

Next to the Boards of Directors are the managements of the parastatal organisations. They are directly responsible for the day to day administration and the good management of the organisations. They have to work towards the success of the organisations by making them to achieve the organisational goals effectively and efficiently.

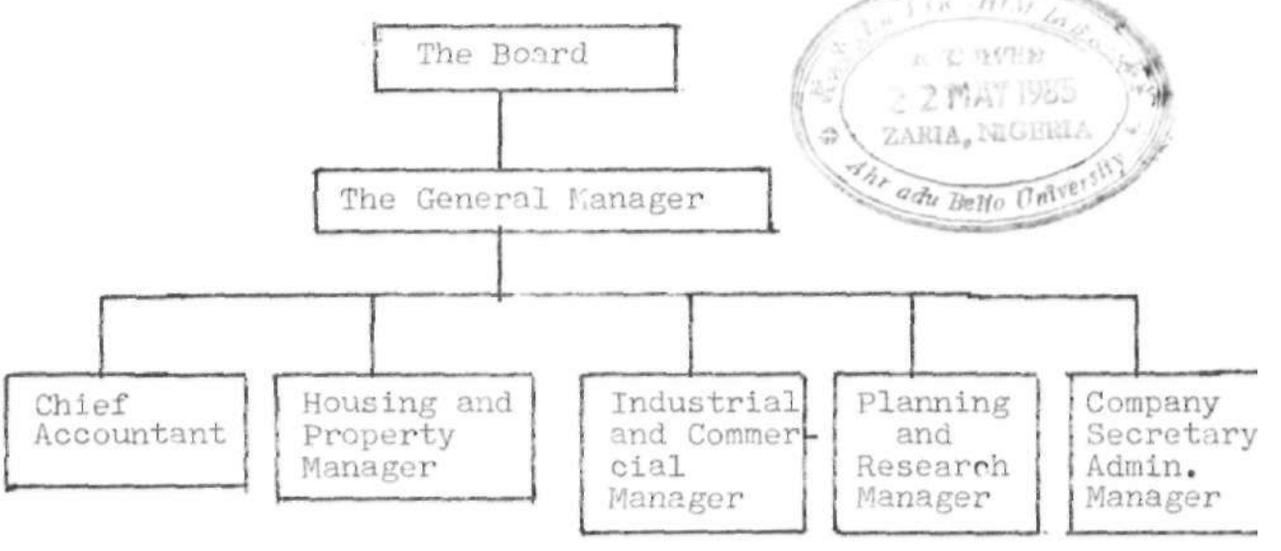
Departmental Heads or Managers

At the base of the hierachy are the departmental managers who work directly with the workers/staff to

achieve their departmental goals and the organisational objectives in the final analysis.

Having examine the organisational structure of parastatals, one is now in a position to discuss its suitability to the operations of the organisations in respect of the two parastatals under study that is the K.I.C. and A.D.C.. It is, therefore, essential to examine in detail, the organisational structures of K.I.C. and A.D.C. to enable one observe the workings of the structures in detail..

K.I.C.'S ORGANISATION CHART




22 MAY 1985
ZARIA, NIGERIA
Ahmadu Bello University

Source K.I.C. An Investment Agency owned by the Govt of Kwara State, Nigeria by KWPPC 1975 page 17.

The responsibilities assigned to each department are as follows. The General Manager's Office This office is responsible for the general control, management, coordination and supervision of the corporation's activities. It also initiates policies on all the corporation's operations as well as implements them, and handles such matters as publicity, security administration and finance as they affect the corporation.

The Administrative Division The division is headed by the Corporation Secretary whose main assignment is servicing of the Board. Its other functions include handling of personnel matters, especially service and establishments matters, such as recruitment, training, and staff welfare, management/staff relations, records and benefits. The division takes care of the administration of staff regulations and protocol matters.

Accounts Division

The Chief Accountant heads this division and keeps all the corporation's accounting records. It prepares the budgets and operates the budgetary control system. This division also handles all financial appraisal of investment proposals of the corporation.

The Planning and Research Division

The division carries out appraisal and assessment of progress of programmes and projects from time to time as a determinant of performance; builds information bank for the use of other divisions and other bodies by conducting research and gathering of statistical information. It also conducts feasibility and viability studies for the Corporation's projects and for other organisational projects as well. The division is headed by a Research and Planning Manager.

Industrial/Commercial Division

This division evaluates and appraises projects submitted by outsiders as well as those prepared within the Corporation. It is responsible for financing and the supervision of investments on projects. It also handles the promotion of investments.

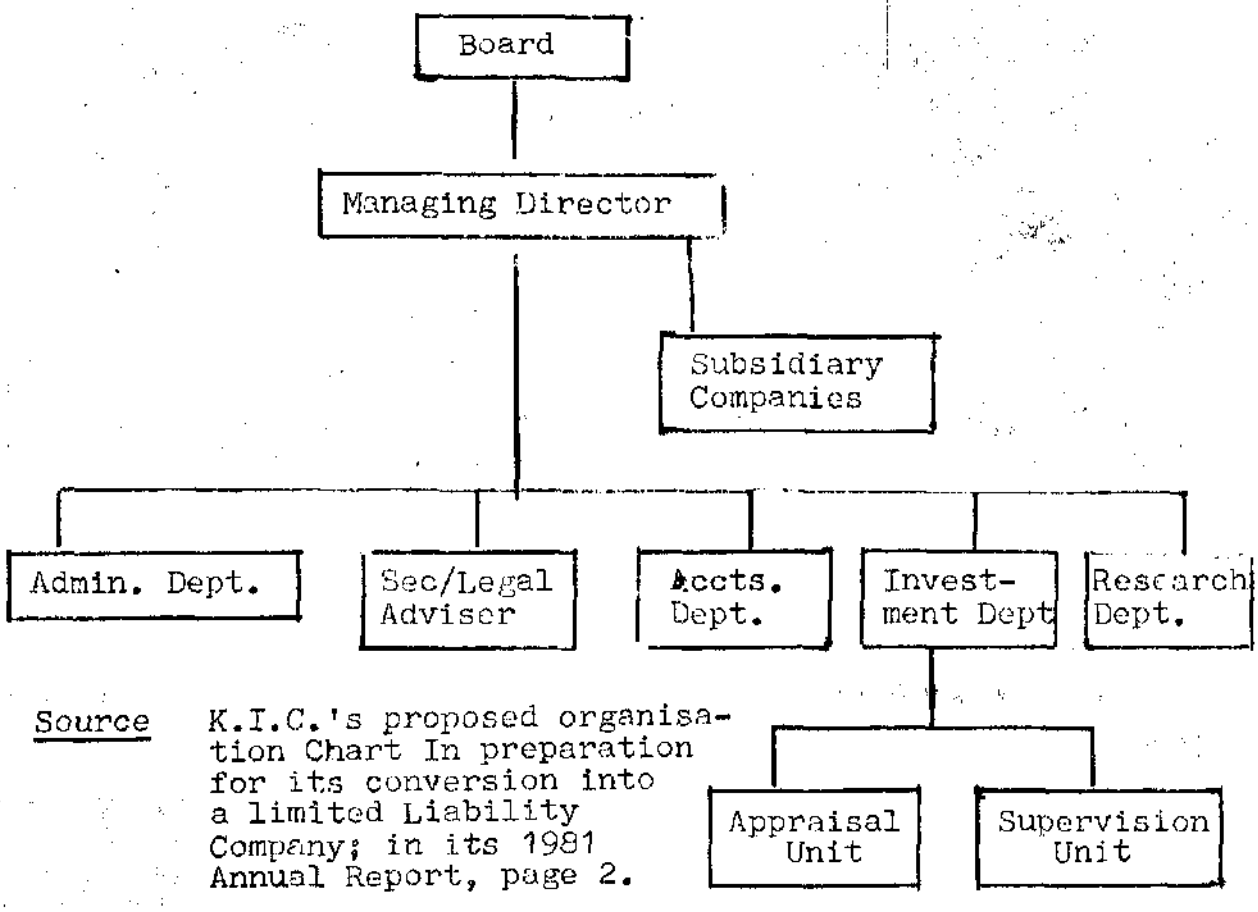
Housing and Property Division

The division is headed by a Manager and is responsible for the execution of the State Government's housing schemes, and the Corporation's Property Development. It also offers consultancy services to the public on architectural, quantity surveying, engineering, building

supervision and estate management undertakings.

With the creation of the Kwara Housing Corporation by the State Government and the excision of the Housing and Property Development Unit from K.I.C. as well as, the increase in volume of work as a result of increased responsibilities arising from the management and monitoring of the activities of the newly created subsidiary companies and bodies by K.I.C. there arose a need to review the organisational structure of K.I.C. to enable it cope with the additional responsibilities and dispose of with the responsibilities transferred away from it.

The proposed new structure is as shown below




Source K.I.C.'s proposed organisation Chart In preparation for its conversion into a limited Liability Company; in its 1981 Annual Report, page 2.

Under the new structure, the Housing and Property Development Unit has been abolished, as its functions have been transferred to the Kwara Housing Corporation. The office of the General Manager has been redesignated the office of the Managing Director. A new office has been created to handle the affairs of the subsidiary companies under the corporation, but directly under the supervision of the Managing Director. A new Department named the Investment Department takes over the responsibility of Project Appraisal and Supervision. This Department is composed of two sub-departments or Units namely the Appraisal and Supervision Units. The office of the Corporation Secretary is excised from that of General Administration and redesignated Office of the Legal Adviser/Secretary.

Research activities have been accorded the status of a department; and planning now becomes the responsibility of the Investment Unit, the schedule of responsibilities of the new department are:-

Secretary/Legal Adviser

- Secretary to the Board and its Committees
- Services the Board's Tenders Committee
- Advising the Corporation on all legal matters
- Drafting Business contracts and other documents

- Rendering Legal Services to subsidiary and associated companies.
- Offering other related legal services to the companies.

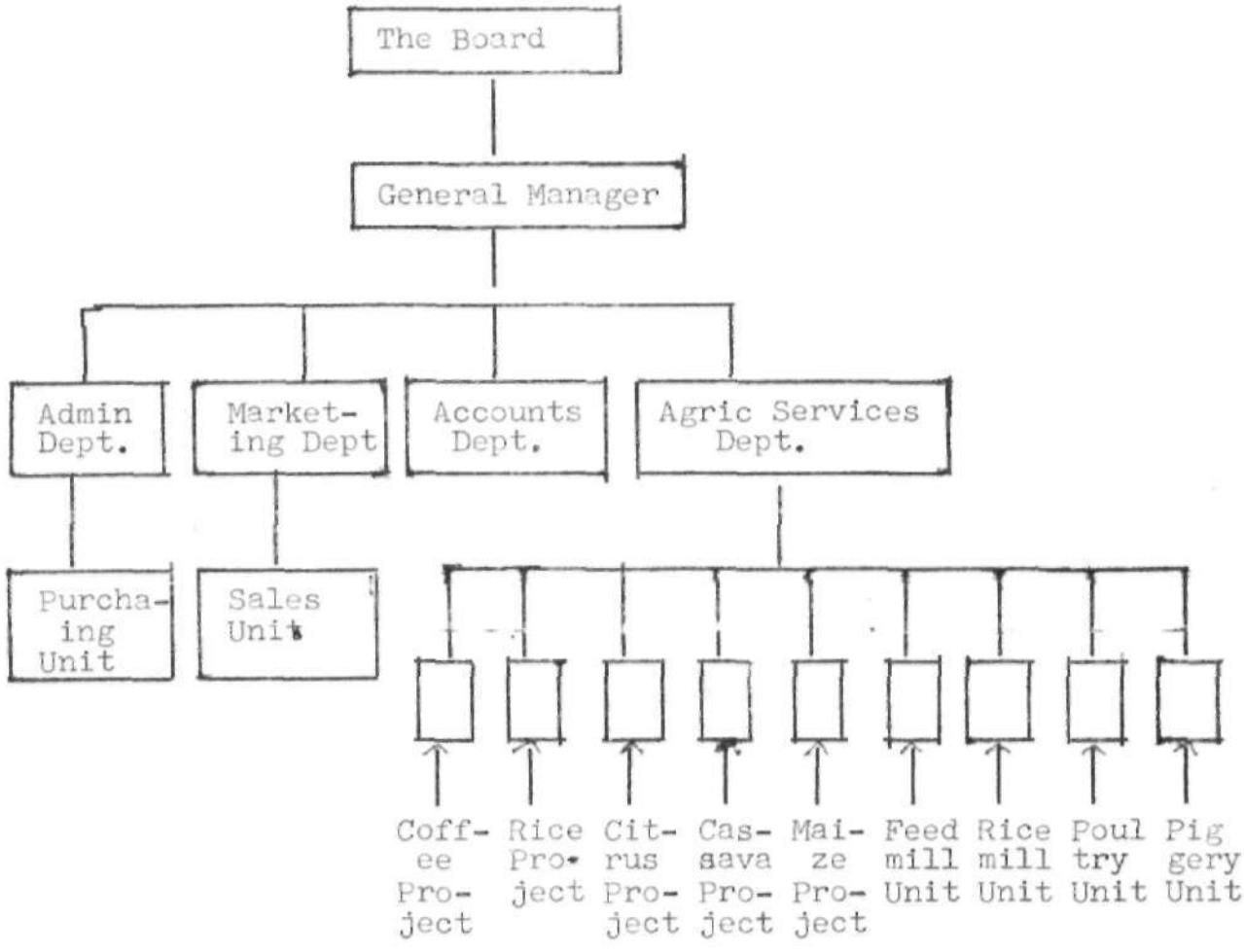
Investment Department

- Supervises both the appraisal and supervision sections.
- Preparation of Board papers on projects
- Formulating investment functional policies
- Holding consultations with the appropriate Ministries in respect of industrial projects.
- Meeting with investors and industrialists.

The older departments are involved in performing similar functions that they have been undertaking and need no repetition here.

Let us now examine the organisation structure of the second Corporation, the Agricultural Development Corporation (A.D.C.) as from page 107.

ORGANISATIONAL CHART OF A.D.C.




The following is a list of the departmental schedule of responsibilities.

Admin. Department

This Department is headed by the Corporation Secretary and handles the following administrative duties.

- Coordination of the activities of other units

- Servicing the Board
- Maintenance of the Corporation's buildings; and
- Handling of staff welfare and discipline.

The Accounts Department

Handles the Corporation's finances and accounts.

The Marketing Department

Handles all sales and purchases of the corporation.

The General Manager

He is in charge of policy formulation and execution and general administration of the organisation to ensure the effective and efficient management of the corporation's scarce resources, as well as, to guarantee its good performance.

Suitability of the organisational structures to the smooth operations of the corporations

It is observed that the structure of the two organisations did not pose any operational problems, as directives and information could flow vertically and horizontally without any hitches. In addition, the structure could be easily modified when necessary. The new structure of K.I.C. referred to earlier, which was designed to enable it cope with additional

responsibility is a good example of the flexibility of the structure. Similarly A.D.C. has modified its organisational structure by attaching a small size accounts unit to the Poultry unit to facilitate easy release of funds for the prompt purchase of drugs for the birds during emergencies. This is designed to avert the problem of delays involved in purchasing the drugs centrally before the poultry unit can take supplies from the central stores, which involves some long procedures. This reorganisation is thus aimed at improving the efficiency of the Poultry Unit. It is observed that within the organisations themselves, there are no communication problems arising from structural defects. However, the manner that the Boards often by-pass the Governor's Office and the superintending Ministries and take their problems straight to the Chief Executive needs to be formalised on the organisational structure as the present structure does not reflect the same. Similarly when the superintending Ministries or the Governor's Office write the parastatals they by-pass the Boards and write directly to the managements of the organisations. It is the Chief Executives of Parastatals that later pass the information or directives to their Boards. Since the Boards are superior to the managements, all information and directives from above should go

through the Boards to the managements. But since the Boards are not Executive, but Policy Boards, whose members are scattered all over the country, and who are summoned for meetings occationally when the need arise, all letters to the parastatals are passed direct to the managements for immediate action. If we had had Executive Boards in the place of Policy Boards, directives could be passed direct to them as they would be full-time Board members attending to the organisation's affairs and problems daily. In order to overcome the problem of by-passing the Boards, it would be better to have full time resident Executive Boards instead of the policy-part-time boards.

The Case for Executive Boards

As Executive Board would be composed of permanent full time members who would always be around to attend to the affairs of the organisation all the time, like the management, the Board can work, hand in hand, with the Management, from day to day, to ensure that the organisation performs well in order to achieve the organisation's goal and objectives successfully.

The Board, would of necessity, be composed of people with the relevant training, education and experience that would enable them to understand the

workings of the organisation and contribute positively to its progress and performance. Since they are full time members, they may be made up of only three competent and knowledgeable persons.

The full time members will draw an annual salary of about ₦12,000.00 each as is the case in the State at the time of this study. The part-time members as at now draw an annual allowance of about ₦6,000.00 each, and each Board is composed of about seven to nine members. Their annual allowance would total about ₦42,000-₦54,000 whereas the full time members salaries would total about ₦36,000. Since most of the members of the part-time Boards lack the relevant education and background to enable them comprehend the problems of the organisations and contribute positively to the progress of the Parastatals, it would be better to replace them with Full Time Board members who, have the relevant experience, knowledge, and ability to be able to contribute to the effective and efficient performance of the Parastatals and earn less benefits financially from public funds. It is observed that inadequate executive capacity is no longer a problem in Nigeria as far as getting the right calibre of personnel for the post of Executive Board members for the parastatals is concerned. It would therefore be preferable to replace the in-active policy Boards with

capable Executive Boards for effective and efficient management of the parastatal organisations.

Under an Executive Board, the alleged Government interferance in the day to day activities of a parastatal organisation would be minimised, because the Board will be sufficiently influential and powerful at both the party and Governmental levels to forestall the issuance and implementation of unpopular and unfavourable circulars and directives through it to the management. This is because the members would be reputable, respected and competent individuals in their various fields of specialisation and endeavours, who the government cannot afford to ignore their views if it wants them to feel free to advise it objectively and to manage the parastatal organisation as best as they honestly belief it should.

The Quality of the members of the Policy Boards

For a Board to be able to perform effectively and efficiently, its members must have the relevant experience, qualification and ability, as well as, a good knowledge of the operations of the parastatals over which it superintends. During the course of this study, it was observed that about a third of the Board members lack the relevant training, knowledge, ability and background

that would enable them to comprehend the roles, operations and problems of their parastatals adequately. A detailed examination of the following tables which show the educational and working background of the Members of the Board of Directors of the A.D.C. from 1976 to 1982, that is, its first and second Boards would reveal that only about two-thirds of their members possess the relevant educational background and working experience to be able to participate and contribute meaningfully to the deliberations at the Board Meetings, and thus very useful on the Boards. Similarly, a third of the Board Members of K.I.C. have not got the relevant educational and professional or working background to be able to serve effectively and efficiently on its Board. Table T.4.3 on page 119 confirms this.

THE EDUCATIONAL AND OCCUPATIONAL BACKGROUND OF A.D.C.'s BOARD MEMBERS (1976-79)

TABLE T.4.1

| S/N | Members | Educational Background | Occupational Background | Remarks |
|---|---|---|---|---|
| 1 | Chairman Dr. O. | Professor of Geology | Lecturer, University of Ibadan | Relevant educational background as far as a knowledge of soil (rock) is concerned. |

TABLE T. 4.1 Contd.

| S/N | Members | Educational Background | Occupational Background | Remarks |
|---|---|---|---|---|
| 2 | Member I Dr. O. | Vet. Medical Officer | Lecturer A.B.U. Zaria | Relevant Educational Background in animal Husbandry |
| 3 | Member II Dr. O. | Agronomist | " | Very relevant Educational Background |
| 4 | Member III Dr. A. | Zoologist | Lecturer U.I. Ibadan | Relevant Educational Background. Has a knowledge of animals |
| 5 | Member IV Traditional Ruler (an Emir) | Educated | Traditional Ruler But one time a Public Administrator | No Relevant Professional and Educational Background |
| 6 | Member V Mr. A.B.M. | Grade II Teacher | Educationist and a School Bursar. Later became a Politician | Both educational and Professional/ Occupational background are not relevant to Agriculture |
| 7 | Member VI Alh. S. | Literate/ Educated | Local Govt. Staff & later a Politician | " |
| 8 | Member VII | Education Officer | Tutor; Arabic Scholar and a College Administrator (i.e. a Principal of a School) | " |
| 9 to 12 | Members VIII-XI Ministries Representatives (i.e. Official Members-4) | Have a relevant educational and/ or working background | Professionals in the Relevant Fields | Relevant educational and/or working background |

NOTE - Names of members are not mentioned as information is utilised strictly as statistics.

Source - Information obtained from A.D.C. during the course of this research.

From the foregoing table, that is table T 4.1, it can be seen that there are eight unofficial members, that is, members that are serving on the Board, not as a result of their official positions or offices in public posts (No.1-7); and four official Board Members, that is, members who are serving on the Board because of their official positions or offices in public posts, who at times are referred to as ex-officio members (Nos.8-11). Among the unofficial members, only members 1 and II can be regarded as having the appropriate relevant educational background, that is Vet. Medicine and Agronomy. The Chairman and member III can also be said to have some relevant educational background. It therefore follows that only four out of the eight unofficial members have a relevant educational background. Members 1 and II can equally be said to have the relevant professional or working experience as well since they must be involved, not only in the teaching of the theory of Vet. Medicine and agronomy respectively, but also in the teaching of their practical aspects too. The rest six members do not, technically speaking have a relevant working experience to make them suitable materials to sit on the Board of an Agricultural Development Corporation like the A.D.C.

The four official members come from the Ministries of Finance, Agriculture, Industries and the Governor's

Office. The representatives of the Ministry of Finance and the Governor's Office may not be persons with the relevant educational and professional background, but since they represent their Permanent Secretaries who are supposed to have the minimum general educational and professional background to make them serve the purpose for which they are appointed to the Board effectively, they could be said to have the relevant educational background and working experience to serve on the Board.

The representatives of the Ministries of Agriculture and Industries are usually professionals in the relevant fields. That is in agriculture and industrial activities. Usually they are the Chief Agric. Officer and the Chief Commercial Officer or their able lieutenants respectively. They stand in for their respective Permanent Secretary who is a generalist (Technocrat). The Chief Agric. Officer and the Chief Commercial Officer or their deputies can be said to have the relevant educational, professional and working background to serve the purposes for which they are appointed to the Board.

Generally speaking, all the official members of the Board can, more or less, be said to be suitable materials for the Board. On the whole, eight of the twelve members can be said to be suitable persons. Two-thirds of the

members can therefore be said to have the relevant qualifications to serve on the Board while one-third of them do not have the appropriate qualifications. Specifically speaking, one may say that only about half of the members have the appropriate qualifications for serving on the Board if one is strictly refering to the possession of relevant qualifications and working experience in the agricultural sector or in the field of agriculture. Table T.4.2 and T.4.3 which follow contain similar data or information to confirm the foregoing inferences.

TABLE T.4.2

A.D.C.'S BOARD FROM 1980-1982: Summary of

| S/N | Member | Educational Background | Professional Background/ Working Exp. | Remarks |
|---|---|---|---|---|
| 1 | Chairman | Vet.Officer | Vet. Officer in the Ministry of Agric & N/Resources (MANR) | Relevant Education and Working experience |
| 2 | Member I | Chemist | A former G.M. of a sugar Company | Relevant Occupational Background |
| 3 | Member II & III | They are both fairly educated | Both are Civil Servants in the MANR. But not agronomists or Vet.Officers | Not professionals in Agronomy. No relevant educational background |

TABLE T.4.2 CONTD.

| S/N | Member | Educational Background | Professional Background/ Working Exp. | Remarks |
|---|---|---|---|---|
| 5 | Member IV | Vet. Staff | Vet. Staff M A N R. | Relevant working Experience |
| 6 | Member V | Literate | Literate Farmer | Relevant working experience |
| 7 | Member VI | Illitrate | Politician | No relevant educational or working experience |
| 8-11 | Ex-Official members 4 | Relevant Educational Background | Relevant working experience | Relevant working and/ or educational background |

Source Information obtained from A.D.C. during the course of the interviews.

It can be seen from table T.4.2 that four of the unofficial members have the relevant educational background and/or the working experience. Three have neither of the two. The eight member was not appointed before the government was voted out of office in 1983. The four ex-officio members can be said to have either one of the two or both in some cases. About two-thirds of the members thus have either the educational background or working experience or both.

TABLE T.4.3.

K.I.C.'S BOARD FROM 1971-76

| S/N | Member | Education/ Qualification | Working Experience | Remarks |
|---|---|---|---|---|
| 1. | Chairman | Lawyer by Profession | One time Secretary to the Nigerian Railways Corp (NRC) | No relevant education or working experience |
| 2. | Chief S.A. Member I | Fairly Literate/ Educated | Transporter/ Contractor | A little working Exp. but not sufficiently educated to serve on such an important Board |
| 3. | Member II Alh. S.O. | Fairly Literate | Petrol Dealer/ Contractor | " . |
| 4. | Member III Alh. M.K.S. | " | Merchandise Contractor | " |
| 5. | 4-ex-officio members | Sufficiently educated in their various fields | Sufficiently experienced in their various fields of endeavours | Relevant educational/ working background |

Source Information obtained from K.I.C. during the interviews.

From table T.4.3. above it can be noticed that only the Chairman has sufficient educational background to serve on an important Board like the K.I.C. among the non-official members. But for the little working experience

of the rest unofficial members, they could be said to be completely unsuitable to serve on the Board.

A critical look at all the educational background and/or working or professional experience of all the board members on tables T.4 (1-3) would show that only about half of the non-official members have either the relevant educational background or working experience and very few have the two qualifications. In the case of K.I.C. where all but the Chairman could be said to have the working experience among the unofficial members, all but the Chairman alone is sufficiently educated to serve on a board like the K.I.C. that is expected to promote viable economic enterprises in the manufacturing, agricultural and commercial sectors of the economy with a view to rapidly transforming the state economy from a predominantly agricultural to a modern and highly industrial one. The projects that will be promoted by K.I.C. will require sound feasibility and viability studies whose analysis will call for the use of good basic educational background in addition to a wealth of theorectical and practical professional experience in the various relevant fields. Half educated or poorly educated traders like those on the K.I.C. Board between 1971-6 do not possess the expertise, knowledge and education required to be able to serve effectively on the Board. This researcher's finding agreed with an earlier finding by Wuraola

Judicial Commission on the Administrative and Financial management of K.I.C. in 1975 which detected that a few of the non-official members of K.I.C. Board could not make any effective contribution to the discussions of the Board because of their limited educational background.[4]

As some of the members of the Boards that are supposed to direct, monitor and control the activities of the parastatals are not sufficiently knowledgeable and competent to do so, the job may never be satisfactorily done as the quality of the contributions expected from the boards have fallen short of expectation. The essence of having large boards is to ensure that adequately diverse views, experiences and knowledge are reflected at the board meetings to improve the quality of their decisions with a view to producing good leadership for the parastatals. Since the government itself does not appoint competent and capable persons to serve on the Boards and to look after the affairs of the parastatals, the government itself has a share in the blame on the poor performances of the state parastatal organisations.

Management Problems In this section, the quality and calibre of persons that compose the management of the parastatals especially K.I.C. and A.D.C. and the manner they have managed the affairs of these two organisations would be examined.

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4. Source Report of the Board of Inquiry into K.I.C. and K.F.P.C. Ilorin, November, 1975 page 5.

The Management of K.I.C. It is observed that one of the major problems of the state parastatals is lack of honest, dedicated and dynamic leadership. K.I.C. in particular has been badly hit by this problem. It is observed that its first Chief Executive was one of the founding fathers of the Corporation, and he worked tirelessly to get K.I.C. on a good footing;[5] but no sooner had he assisted the corporation to stand on its feet than he started looking for the fringe benefits of his labour. He wanted to occupy top management posts in most of the corporation's subsidiary bodies e.g. the Midland Supplies Company. He however, got the post of the Chairmanship of the Midland Supplies Company and was observed to have used his position here to boost the business of his wife by causing cement to be supplied to her shop at subsidized price by the Midland Supplies Company and getting the same commodity sold to the Key Construction Company, one of K.I.C.'s subsidiary companies at high prices.[6] He was also accused of mismanaging the affairs of K.I.C. by succumbing too much to the unbusiness-like dictates of some government functionaries which worked against the interest of the corporation and its subsidiary bodies.

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5. Source Report of the Board of Inquiry into K.I.C. and K.F.P.C. Ilorin, November, 1975 page 49.

6. Source Ibid. page 66.

K.I.C.'s second Chief Executive was no better either. He misused the Corporation's financial resources indiscriminately to enrich himself.[7] Both the first and second Chief Executives were relieved of their posts because of their role in the mismanagement of K.I.C. Since then the government has not appointed another Chief Executive or cared to release to it, any investible funds to enable it perform its functions.

A.D.C.'s Management

The A.D.C.'s predecessor, the KFPC was wound up because it was not effectively and efficiently managed. It is observed that its Chief Executive mismanaged the company's scarce resources to enrich himself. For instance, he authorised the purchase of egg-trays which were sold at inflated price to the company inspite of the fact that he realised that the items could be easily purchased at a fair price from a well known alternative source.[8] He also authorised the sale of the company's rice at heavily subsidized price for no justifiable purpose. The cost of production of one of its rice pakages for instance was 53 kobo, but the pakages were sold at 45 kobo each.[9]

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7. Source Report of the Judicial Commission of Inquiry into the Administration and Financial management of K.I.C., Findings and Recommendation, Ilorin, 1980 pages 42-3.

8. Source Report of the Board of Inquiry into K.I.C. and K.F.P.C. Findings and Recommendations Ilorin 1975 pages 85-88.

9. Source Ibid page 95

Similarly the eggs produced by the company were sold at heavily subsidized prices. For example a dozen of a standard size was sold between 55-85k whereas the same eggs were resold in the open market at ₦1.20k per dozen.

Although this researcher did not detect any act to suggest that the A.D.C., like its predecessor, the KFPC, misused its scarce resources and/or sold or acquired its goods and services at heavily subsidised or over inflated prices, respectively, he observed that some of the quantities of its agricultural products like its paddy rice produced on its rice fields in Shonga and the milled rice produced from its rice mill in Pategi were not accurately recorded and maintained. This could provide some of its clever pilferers the opportunity to make away with some quantities of these items, thus reducing its revenue yields from this sector. This is also an indication of indiscipline, inefficiency and lack of total dedication and commitment to the lofty aims and objectives of the corporation by both its management and staff. From the foregoing observations and analysis, it can be seen that lack of honest, dedicated and committed leadership ruined the performances of K.I.C. and the defunct K.F.P.C. in their early years of operation.

The Quality of the Personnel of the Parastatals

During recruitment exercises, some applicants with strong connections with some highly placed persons in

positions of authority, power and influence do get recruited even though they may not be the best materials for the vacancies to be filled. Some of these favoured chaps may not be able to perform the functions for which they are recruited satisfactorily, but they are never fired or relieved of their posts because of their relationship with their highly placed sponsors who the managements cannot afford or desire to offend. When there are quite a number of such favoured chaps in key or strategic positions in an organisation, their performances which may not be good enough could adversely affect the over all performance of the organisation.

K.I.C. was said to have a few of such favoured senior staff in its early years of operation. One of them was said not to possess the required qualification, training and experience for the post of a Corporation Secretary and yet was appointed the Corporation's Secretary on GL.14 and redesignated Administrative Manager/Corporation Secretary in order to justify the high salary offered to him.[10] This officer was said to be eligible for appointment as an Education Officer on GL.09, at the best, His removal from office was not un-connected with the manner he was recruited and his deficiency in skill for the job he was recruited to perform.

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10. Source The Board of Inquiry into K.I.C. & KFPC - Findings and Recommendations Ilorin, 1975, pages 48 - 49.

There was also the case of a Textile Technologist who was appointed to a non-existent post in the Corporation's establishments and placed on a salary on GL.09. The reason given for his appointment was that he would eventually be deployed to the proposed Kainji Textile Mills on a later date, knowing fully well that the Textile Mills project was far from being completed.[11] His appointment was thus a clear case of favouritism which had no benefit to K.I.C. in any aspect.

## Other Constraints Inhibiting the Performance of Parastatal Organisations in the State

Financial Inadequacy It is observed that inadequacy of operational funds constitute a great constraint to the performances of the two organisations. K.I.C. for instance received no investible or operational funds from the state government from 1975. Since she could not generate much revenue on her own for promoting economic activities, she could not perform since 1975. The Government was not prepared to release funds to it, for fear that it would be mis-used. The corporation could therefore not even obtain bank loans for the execution of her proposed projects as the government had to quarantee such loans.

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11. Source The Board of Inquiry into K.I.C. & KEPC Findings and Recommendations Ilorin, 1975 page 51.

The Corporation had for instance conducted feasibility studies on the following projects and had proposed to embark on them since 1980 but she could not find enough capital for their execution even though they are known to be viable projects.
The projects are:-

| | | |
|---|---|---|
| i) | Flour Mill at an estimated cost of | ₦4.0m |
| ii) | Gari Processing Plant at an estimated cost of | ₦0.3m |
| iii) | Bakery Plant " " " | ₦0.2m |
| iv) | Soap and Detergent Manufacture at an estimated cost of | ₦4.5m |
| v) | Chalk Manufacture at an estimated cost of | ₦0.3m |

Even after the state government had accepted the Daniyan Report on the Review of the Role of Parastatals in the Economy of the State which recommended the reconstitution of K.I.C. into a limited liability holding company since 1980, the government has not been able to embark on the re-organisation exercise because of lack of funds. Since the Corporation cannot even be re-organised because of lack of funds, one cannot even talk of making available to her, investible funds with which she can operate.

The A.D.C. is also observed to have been experiencing some serious shortage of working capital to enable

it utilise in full, all the infrastructural facilities that it has provided. For instance, the corporation could not utilise all the facilities available at its Oke-oyi Poultry Farm because of lack of funds for the purchase of more poultry feeds or the production of the same from its cottage feed mill in Ilorin. It was observed that production on the farm had declined instead of increasing. Similarly, the Rice Mill at Pategi has grossly been under utilised for lack of funds for the purchase of adequate quantity of paddy rice or the growing of more rice at its Shonga rice farm to feed the mill. Its maize project has been suspended for lack of operational capital. If its maize project had yielded high quantity of maize, it would have had adequate raw material to feed its cottage feed mill.

The Corporation's citrus and cassava projects have not been expanded because of lack of capital to maintain even the existing farms. From the above analysis it can be seen that lack of working capital or inadequacy of it, has inhibited the performance of K.I.C. and A.D.C. adversely.

Corruption of officials and Staff of the Parastatals

It is observed that the Society is of the view that parastatal organisations are places where dishonest

chaps that are over ambitious to get rich quick can easily acquire some wealth by clever tricks. The society thus expects those highly placed in the managerial posts especially in strategic positions in the financial and commercial, as well as projects execution units or arms of the organisation to be in a position to be able to acquire some wealth with some considerable ease. Corrupt officials who find themselves in such strategic places therefore look for the ways and means of enriching themselves, even at the expense of the Parastatals thereby depriving the organisations of their scarce resources which are very much needed for the execution of their projects. Potentially corrupt persons do find their ways into the strategic places in these organisations with a view to achieving their corrupt ambitions.

The idea is also extended to other public posts such as Commissioners, Ministers, and some Chief Executive posts which are no longer seen as positions where selfless service is expected from the incumbents but as positions for acquiring wealth. This must have contributed to the degree to which our public officers in Nigeria have corruptly enriched themselves because the society expects them to acquire some wealth therefrom. The society itself has therefore contributed to the

corruption of public officers, not only in the civil service and in some public and political posts but also in Parastatal Organisations that are supposed to be profit oriented. The society has thus contributed to the pilfering of the scarce resources of the parastatals and ultimately their poor performance by depriving them of their much needed operational funds by accommodating theft by the staff. For instance Justice Obayan Judicial Commission's findings on K.I.C.'s Administrative and Financial Management confirmed that K.I.C. lost a total sum of ₦1,422,465.58 by 1979 through the corruption of some of its officials, as itemised below.[12]

i) ₦250,230.00 by fraud committed by a few top officials of the Corporation.

ii) ₦8,000.00 through dubious cheque and cash exchange by its top official, and

iii) ₦1,164,235.58 as trading loses which were deliberately planned and executed by some of its staff.

Over dependence of Parastatals on Government Funds

During the course of this study it was observed that most parastatals heavily rely on the state government for the provision of funds for the execution of both their recurrent and capital projects, although they could generate some funds internally for

12. Source Report of the Judicial Commission of Inquiry into the Administration and Financial Management of K.I.C. Ilorin June 1980 pages 48-52.

their operations, to make them become financially independent entities. The A.D.C. for instance depended wholly on the government for the execution of both its recurrent and capital projects until the government stopped all forms of grants to it in 1977. It was the government that provided the funds for the provision of all its infrastructural facilities and the capital projects as well as the operation funds right from its creation up to 1977. Any time the Corporation intended to embark on any capital project, it intimated the State Government with such a project and its reports on the feasibility studies, and requested the government to provide the funds for its execution being a government owned establishment. This made the A.D.C. to depend wholly on government inspite of the fact that it could generate some substantial revenue from its Poultry, Feed Mill, and Rice Mill projects to reduce its total dependence on the government. The Feed Mill Project for example has been constituted into a limited liability company because it can stand on its own and generate sufficient revenue for both its expansion and maintenance costs. If sufficient paddy rice could be grown and/or purchased to feed the Pategi Rice Mill, to keep it running for twenty four hours per day, it could also generate sufficient funds to make it a financially viable and independent enterprise. The report of the

feasibility study on the rice project confirmed that the rice project could be very viable. The Poultry Project could also be managed to stand on its own if it is properly managed. It was observed for instance, that the money realised from the sale of eggs, dressed and live birds was being used to pay the salaries of the entire staff of the Corporation.

If part of the money were reinvested in the poultry project for its expansion it would have enable it to generate sufficient funds to make it become a financially independent enterprise. Since private individuals and companies make profits from their relatively smaller poultry farms, the A.D.C. could equally make some profits from its poultry project if properly funded and managed. Even in 1980/81 Financial year, that its production was reported to be low, it was able to make a total of ₦333,957.58 from the sale of eggs and fowls as contained in its 1981 Annual Report on pages 15 to 17. If the unit were properly funded and managed, it should be able to generate sufficient money to cover its operation cost, and even some surplus funds for the expansion of its activities. The foregoing findings and deductions go to confirm that three of A.D.C.'s units can be run on profit making basis, namely the Poultry, Feed Mill and Rice Mill Projects if properly funded, and managed

by competent, dedicated, honest and responsible management.

It was observed that when the government stopped A.D.C.'s monthly operational grants in 1977, the Corporation did not only succeed in maintaining its activities, but in addition, succeeded in paying its staff salaries. It was only as from 1982 that the Government had to come to its aid, to assist it to pay some of its staff salaries, because the Government had directed it not to lay off some of its redundant staff, which it inherited from the defunct KFPC for political reasons. This is an indication that A.D.C. could become a self financing organisation if properly funded and managed. If the government had allowed it to retrench its redundant staff, it would have been able to reduce its workers to a manageable or economic size, thus cutting down its heavy recurrent expenditure on personal emolument, and work towards a re-organisation exercise that could improve the effectiveness and efficiency of the staff and consequently that of the organisation itself.

K.I.C. too, could have been a financially viable enterprise if it had been properly managed. The dividents from its shares in several companies, and the profits that its subsidiary companies could have made if they had been viable enterprises that were properly

managed, could have made K.I.C. a self financing holding organisation. If the New Nigerian Development Company, as well as, the ODUA Development Company could make huge profits for the ten Northern States and the three Western States respectively, by setting up viable profit making enterprises like the Arewa Hotels, Kaduna Textiles Mills, the Bank of the North and the Northern Nigerian Investments Limited, etc. as well as, the ODUA Property Development Company, the Premier Hotel and the National Bank etc. respectively, K.I.C. should be able to perform similarly for the Kwara State Government if properly funded and managed. (see appendix V 'A' & 'B' for favourable reports on the activities of ODUA and the N.N.D.C.

After the acceptance of the Daniyan Report by the State Government in 1980, the State Government stopped all subventions to all the profit making corporations and companies in the state even without providing them with adequate take-off capital as recommended by the committee, and non of them had ceased to function up to the time of writing; and there is no indication that any would soon fold up. From the above observations and analysis it could be inferred that the heavy reliance on government, and the assurance that she would always provide the necessary funds on demand, even by the profit oriented parastatals, could contribute to the care-free attitude of the staff towards the maximization of the internally generated

revenue since the zeal to forge ahead with serious determination and patriotism, to make sure that the organisations succeed and become financially independent is not encouraged. This is buttressed by the fact that money would always be made available by government when the need arises, and the influence of this on both management and staff is obvious albeit unconscious. It is not un-common to hear even some of the senior staff of some government corporations or companies telling their customers not to entertain any fear in their dealings with the parastatls,because they are government owned, implying that the government will always come to their aid to fulfil their commitments even if they fail to perform creditably.

It can equally be inferred from these observations and analysis, that all the state profit oriented or economic parastatals, as well as, the socio-economic ones that have some revenue yielding capabilities, are capable of generating sufficient funds to pay for their operations if adequately capitalised and managed and made to realise from the onset that they would be expected to fend for themselves after they must have been fully established. The A.D.C. for instance succeeded in sustaining herself financially as from 1977 when the government stopped all forms of grants to the corporation, inspite of the fact that it had

not been fully capitalised or given sufficient time to plan and prepare for it. The Kwara State Transport Corporation faced a similar ordeal and managed to sail through it even when the government had completed all arrangements to wind it up. Their success, whether with or without initial problems, indicates that they could, and would have faired better, financially if they had been fully capitalised and properly oriented, and given sufficient time to plan for it. K.I.C. has also lived on its internally generated funds since 1976.

Even when the government came to the assistance of A.D.C. as from December, 1981 it was to prevent her from retrenching some of her redundant staff which the government undertook to pay their salaries for political reasons.

Staff Attitude to Work

It was observed that some public servants do not regard government work as one that should be approached and undertaken with all energy and dedication that it deserved because of the mentality developed during the colonial era, that government work is a service to the colonial masters. In addition, some people regard

government work as work, not belonging to an individual with limited resources, and who is aspiring to promote profit making enterprises, but an institution with abundant, if not, unlimited resources. To this sort of people all that matters to them is what they can derive from government work and not what they can contribute towards its progress. They therefore put in a little effort to enable them retain their employment and thus take their pay. Even those in the employment of profit oriented public enterprises who should realise that their labour power should produce the money for the payment of their salaries, and should put in their best in the service of the organisations, do not work hard as is expected of them. Some of them even compare themselves with some civil servants who are seen and regarded as putting in only a little effort to render some service to the community in order to retain their employment; and thus put in a little effort just to retain their employment as well. This attitude to work does not augur well for the effective and efficient operations and performance of the state parastatal organisations. For a better performance of the staff, there is a need to re-educate them and re-orientate their mentality to regard government work as not only a personal concern, but a work or service to the community, and which should be regarded as a personal, as well as

a community work that should be undertaken with all seriousness, dedication and concern, The cooperation and assistance of workers' unions should be solicited and enlisted for this assignment.

The Nigerian Herald Editorial comment of 19/1/84 captioned 'Our Negative Attitude To Work' more or less gave an apt description of Nigerians unencouraging attitude to government work, and the need for a change for better if we really aspire to develop. Below is the paper's view of our public servants attitude to work.

OUR NEGATIVE ATTITUDE TO WORK

OUR attitude to work is to say the least, a tearful and dis-couraging mixture of incompetence, ineptitude and complete disregard for duty and an adulteration of the laissez affair role in the service.

DURING the Murtala Mohammed regime of 1975-76, many lazy indolent civil servants found themselves dumped outside the service by, the scruff of their necks.

THE result of the action was un-believable, as work picked up at a faster rate.

WHEN the Shagari band took over, corruption became the number one activity in the country, the civil service was pushed to brink of total collapse.

FROM the lowest messenger to the Permanent Secretary, late-coming became an unwritten part of the 'G.O.' or whatever it is that governs the civil service.

OFFICE clerks spent their working hours reading novels while the ladies painted themselves in colours of all shades.

AT the end of the month they all line up to collect their pays.

WITH the military back, people are still being forced to go to work early.

WHY should we be forced to work for the jobs we are paid for?

WHILE we scream that thousands are jobless, those with jobs do not produce anything tangible.

IF we are to progress, we do not have to look up to our leaders alone.

WE should be productive, and the manifestation of this shows in what we do at work.

WE are paid for those man hours wasted.

CIVIL servants at the top should set the precedent in coming to work early.

IF the boss is on time, the messenger will also be on time.

SIMPLE logic!

TO be humiliated by being forced to 'frogjump' for coming late to work is not an experience anybody would like to go through.

FOR God's sake, let us change our attitude to work.

WE are not just working for the 'government' as we are wanting to day.

WE are working for ourselves and our collective progress.

WE call for a change of attitude toward our sworn duties.

We will not regret it.

SUMMARY

From the observations made and the analysis of the same in this chapter, the following deduction can be made. That the following factors are responsible for the non satisfactory performance of most of our parastatal organisations in the State:-

i) Lack of responsible and dedicated leadership.

ii) Lack of commitment of the staff to the organisation goals and objectives.

iii) Under capitalisation of the projects.

iv) The unprogressive attitude of the community to public or government work.

v) Complex roles, functions and responsibilities of the parastatals, and

vi) Lack of autonomy of the managements to retrench or purge the organisation of redundant or unwanted staff without government approval.

In order to improve the performance of parastatal organisations in the State the government would have to:-

i) appoint competent and knowledgeable Board Members to supervise the parastatals to ensure that the organisations perform adequately well, as well as, to make their managements work responsibly. In addition, knowledgeable Boards would be in a better position to offer useful advice to the government on how best to manage the parastatals.

ii) monitor the activities of the managements from time to time to ensure that they do not operate the parastatals as private and personal businesses indiscriminately. An Executive Board that is loyal and dedicated to the cause of the government should be able to guarantee this.

(iii) re-educate its employees and make them to realise that government work is theirs' and thus their concern, as the success of the parastatals implies the prosperity of the people in the State.

(iv) state clearly the roles, functions and objectives of the parastatals and assign manageable responsibilities to them.

(v) state clearly what it expects of the management of each parastatal organisation and make them realise and prepare for the same right from the on set; and

(vi) provide adequate working capital to every parastatal.

## CHAPTER FIVE

### Findings and Conclusion

In this concluding chapter, the author will highlight the findings of his study and examine the degree to which the findings have achieved the objectives of the research.

### Summary of Findings

The major findings of this study are:-

(1) That K.I.C. and A.D.C. are development agents that have contributed to the socio-economic development of Kwara State by engaging in economic activities which have resulted in the following:-

(i) the establishment of several industrial, commercial and agricultural undertakings that have broadened the base of the economy as itemised in chapter three under the Activities and Achievements of the two parastatal organisations.

(ii) the emergence of economic organisations involved in the production of essential goods and services capable of improving the quality of life of the people (see achievements of K.I.C. and A.D.C. in chapter three); and

(iii) increased economic activities which have provided more employment opportunities in the society. For instance all the commercial, industrial and agricultural undertakings promoted by K.I.C. and A.D.C. provided several people with employment.

(2) The major cause of the unsatisfactory performance of the two organisations is lack

of dedicated, honest, responsible and dynamic leadership required to mobilise the human and material resources of the organisations for the performances of the objectives for which they are established as analysed in chapter four of this report. Other constraints include:-

(i) poor attitude of staff to work

(ii) under capitalization of projects

(iii) lack of adequate autonomy on the part of the managements to embark on measures that can lead to improved efficiency and effectiveness of the organisations such as the retrenchment of redundant staff and the reduction in the scope and scale of their social service responsibilities without government approval, as well as, the power to refuse to take over or participate in unviable projects proposed by the government.

(iv) over burdening of parastatals with numerous responsibilities.

(v) in effective and non functional boards as a result of the incompetence of some of their members;

(vi) lack of proper definition of the roles and functions of the parastatals; and

(vii) over dependence on government assistance which have inculcated a dependent attitude in them, and watered down their aspirations and determination to work very hard to become independent, as highlighted in chapter four under the operational, management and environmental constraints of parastatals in the State.

Examination of Hypotheses

Having summarised the findings of this study, it is essential to review the hypotheses put up for

verification at the beginning of the exercise, in the light of the findings and observations in the study.

Hypothesis I Parastatals are vehicles or agents of socio-economic change in a society.

From the observations and analysis of the economic activities of K.I.C. and A.D.C. in chapter three of this report, these two parastatals can be seen to have stimulated the economic development of the state by:-

- the establishment of the Midland Supplies Company which have made available to the public essential house-hold goods, hardwares, industrial, commercial and agricultural equipment for sale at fair prices, thereby reducing the problems of the scarcity of essential goods required for the comfort of the populace, and the development of the industrial, agricultural and commercial sectors of the economy in order to improve the quality of life of the people (see sections on Activities and Achievements of K.I.C. in chapter 3).
- investing in the Prospect Textiles Mill and the Oro Bicycle Industry in order to rescue them from their financial crisis which could have led to the folding up of the enterprises as a result of inadequacy of operational capital.

By this action K.I.C. has contributed to the growth of the economy.

- promoting the Kwara Steel and Engineering Company to produce different kinds of metal furniture for domestic, industrial and commercial uses; the Savanna Precast Concrete and Terrazo Industry to make concrete electric poles and different kinds of block for construction purposes; and the Nigerian Yeast and Alcohol Manufacturing Company for the manufacture of yeast and alcohol in the State.
- the establishment of Kwara Paper Converter to produce different kinds of writing material; the K.F.P.C. (now A.D.C.) for the production and processing of crops for both human consumption as well as to feed the agro-based and agro-allied industries in the State.
- investing in the following enterprises so as to expand their activities
  - Berec (Nigerian) Ltd. - ₦113,400.00 Value of Investment in 1982.
  - Guinness " " - ₦ 6,500.00 "
  - Berger Paints (Nig.) Ltd. ₦12,500.00 "
  - Vono Products (Nigerian) Ltd. - ₦1,440.00 "
  - the Nig. Bottling Company Ltd.- ₦ 702.50 "
- the promotion of the following proposed industries:-

- Flour Mill
- Gari Processing
- Bakery Plant
- Chalk Manufacture; and
- Soap and Detergent Manufacture (see section on K.I.C.'s Achievements and contributions to Economic Development in chapter 3).

- the establishment of the Cottage Feed Mill at Ilorin to produce animal feeds for the poultry and piggery projects; the Poultry Farm in Ilorin and Ageva for the production of eggs, live and dressed birds for sale to the public at fair prices; the Piggery project at Ajase-po to produce pork for sale; the Rice Mill at Pategi to produce parboiled rice for sale to the public at fair prices; the rice, maize, and cassava farms at Shonga and Obbo to produce staple food for domestic consumption; the citrus and coffee projects for the production of orange fruits and coffee beans for the proposed fruits and coffee manufacturing industries (see chapter 3: section on A.D.C.'s Achievements and contributions to Economic Development).

These activities have broadened the base of the economy in industrial, commercial and agricultural sectors, and have in addition, stimulated the rapid economic development of the State through the provision

of industrial and agricultural infrastructures that can facilitate the easy take off of a buoyant economy. The K.I.C. for instance has provision for the establishment of an industrial area in Ilorin in collaboration with the New Nigerian Development Company to entice prospective industrialists to set up industries in the industrial estate which would be adequately provided with essential infrastructures such as electricity, pipe borne water and access roads. The K.I.C. also has a plan to set up similar industrial areas in Lokoja, New-Bussa and Ajaokuta to boost the industrial development of the State.

The A.D.C. also prepares land for cultivation at the beginning of every raining season and allocates the same to farmers at highly subsidised rates. (see A.D.C.'s Achievement in Chapter 3). It also provides tractor hiring services to farmers to assist them to cultivate their farm lands at heavily subsidised prices too (see Chapter 3 A.D.C.'s Achievements). All these are essential infrastructures which make farming less tedious and thus enticing to prospective farmers. The A.D.C. in collaboration with the Niger River Basin Development Authority is planning to irrigate some land in Pategi L.G.A. for the cultivation of rice, and to allocate such irrigated land to farmers free to encourage them to grow much rice all the year round. By the provision of the above mentioned infrastructures, and the establishment of industries in the various sectors

of the economy, K.I.C. and A.D.C. have stimulated the rapid economic development of the State. They can, therefore, be regarded as change or development agents.

Hypothesis II

Lack of honest and dedicated management is the major cause of the non-satisfactory performance of most of the parastatals in Kwara State.

As analysed in chapter four of this report, there are several factors which have impeded the successful performance of the State parastatals, but the major one is bad management or rather non committed, irresponsible, corrupt, incompetent and dishonest management. This is because a good management should have been able to look for the ways and means of solving the corporations' other problems successfully in addition to mobilising both their human and material resources for the achievement of the aims and objectives for which they are set up. For instance even if a parastatal organisation is well constituted and adequately funded, it requires the services of a honest and dedicated management to make it operate successfully, otherwise its resources would be mismanaged and rendered bankrupt as the managements of the K.I.C. and K.F.P.C. did to these organisations as observed during the course of the study and highlighted in chapter four under management problems. The initial problem of K.I.C. was not inadequacy of operational funds, but the misuse of it by its second Chief

Executive and his collaborators, who mis-appropriated the corporation's scarce recources through dubious cash and cheque exchange, unsettled loans and advances, and payment of fictitious pension benefits etc. as itemised in chapter four under Management Problems. The mis-management of the corporation's funds was so much that the State government stopped the release of further investible funds to the corporation as she could not guarantee its judicious utilisation for the purpose for which it is allocated. This was the beginning of the financial crises of the corporation which later led to its bankruptcy. The fundamental cause of the unsatisfactory performance of K.I.C. is therefore bad management or rather lack of good management to provide the dedicated and honest leadership required for its success.

At the creation of the corporation, its founding fathers were noticed to be honest and dedicated persons who wanted to see it succeed. This is the secret of its success in its early years of operation which enable it to promote the following enterprises within its first four years of operation.[1]

| | | |
|---|---|---|
| The Midland Supplies Company | - | ₦1,046,000.00(capital investment) |
| The Prospect Textiles Mill | - | 150,000.00 " |
| The Savanna Concrete Industry | - | 200,000.00 " |

1. Source K.I.C. Investment Agency owned by the Kwara State Government of Nigeria, KWPPC, 1975 page 27. Also see table T.3.2.

| | | | |
|---|---|---|---|
| The Kwara Steel and Engineering Industry | - ₦ | 100,000.00 | (Capital investment) |
| The Kainji Textiles Mills | - | 1,300,000.00 | " |
| The Kwara Metal and Chemical Industry | - | 80,000.00 | " |
| The Moonco Properties Ltd. | - | 210,000.00 | " |
| The Northern Nigerian Timber Company | - | 700,000.00 | " |
| The Kwara Food Production Company | - | 100,000.00 | " and |
| The Tiles & Concrete Production Company | - | 146,000.00 | |

It also had shares in the following companies; Berec (Nig) Ltd. (₦64,000); Guiness (Nig) Ltd. (₦80,000); Lever Brothers (Nig) Ltd. (₦1,200); R. T. Briscoe (₦246); Nigerian Bottling Company (₦450); the Nigerian Yeast and Alcohol Company in Bacita and the Nigerian Marble Industry, Jakura. Her total value of investments by 1975 stook at ₦5,161,000.00 (see tables T.3.1 to T.3.3 chapter 3 of this report).

The K.F.P.C. also had adequate operational capital at its creation. Its initial capital was ₦.5m which was a lot of money in 1972. By 1974 it had been increased to ₦2.0m. By 31/12/74 it had ₦4,431,839.00 at its disposal for utilisation (source Report of the Board of Inquiry into K.I.C. and K.F.P.C., Ilorin Nov. 1975 page 77 - 8). As highlighted in chpater four, its first Chief Executive mis-used this money and plunged the company in a financial crises that led to its becoming bankrupt. All these go to prove,

or strongly indicate that even if a parastatal is properly funded, its resources are bound to be mis-used except it is being managed by a competent, honest and dedicated management. It was observed that lack of adequate working capital was the major complaint of the organisations, but the findings of this study strongly indicate that inadequacy of funds was not their initial problem but the mis-use of the same as analysed in chapter Four under Management Problems.

Other problems of the parastatals as observed from the findings of this study, and enumerated in the body of this paper include the lack of clear definition of roles and functions of the parastatals, and their over dependence on government funds. A competent and dedicated management should be able to overcome these problems by redefinding the roles and functions of its organisation as it understands them and feels that they ought to be and advice Government accordingly. The first management of K.I.C. did it in 1972. Realising that the function of developing the economy of the State fell within the schedules of other government bodies and agencies, K.I.C.'s management decided to embark on direct promotion of investment after it had debated the role it should play in the scheme of things so as not to duplicate the fuctions of other bodies with similar responsibilities.[2]

2. Source K.I.C, An Investment Agency owned by the Goverment of Kwara State, Nigeria; KWPPC, 1975 page 8.

A competent, responsible and dedicated management should be able to aspire to become financially independent of the goverment so as to enhance its autonomy; as it is said that he who plays the piper dictates the tone, which in this situation implies he who finances an organisation will ultimately control its activities.

From the foregoing findings, and analysis of the problems of K.I.C. and the defunct K.F.M.C. (now A.D.C.) in this study, it can be inferred that their major problem is lack of honest and dedicated, as well as, competent and responsible management. A responsible management should be able to educate its staff, mobilise their support and utilise its scarce resources to ensure its success. A good management should also be able to work to solve other structural, financial and management problems of its parastatal and operate the organisation effectively and efficienthly in order to achieve its laid down aims and objectives.

The Achievement of the Study

The main objective of this study is to ascertain whether or not and to what extent parastatal organisations in Kwara State have performed the developmental fuctions for which they are set up by examining the activities and performances of K.I.C, and A.D.C. as a case study. It is also to examine the structural and environmental factors or

constraints that might be impeding their effective and efficient performance with a view to finding out how to eliminate them so as to improve their performances.

From the findings, it has been observed that parastatals:-

(i) can stimulate the socio-economic development of the State if properly constituted, funded, and managed by competent, responsible, dedicated and honest managements.

(ii) have contributed to the socio-economic development of the State to an appreciable degree in view of the following problems which worked against a better performance and need to be eliminated.

(a) poor leadership as a result of dishonest, irresponsible, corrupt and undedicated managements which constituted the major constraint.

(b) lack of clear definition of the roles, functions and objectives of the parastatals as well as, assigning numerous and complex responsibilities to them.

(c) inadequacy of operational capital which reduced the scope and scale of their activities as well as the quantity and quality of the goods and services which they produce and render respectively.

responsible managements.

(3) In addition, it has 'proved' or indicated that the greatest factor inhibiting the effective and efficient performance of parastatals in our society is lack of dedicated, honest, competent and responsible management to mobilise the human and material resources of the organisations for optimum utilisation, for the purposes for which they are set up, by providing the required good leadership for effective and efficient performance.

(4) Other problems which have impeded the effective and efficient performance of the state parastatal organisations include:-

i) in-adequacy of working capital.

ii) poor or negative attitude of staff to government work.

iii) over burdening of parastatals with numerous functions which many cannot perform effectively and efficiently, especially under the management of corrupt, irresponsible and un-dedicated leadership.

iv) lack of adequate autonomy to enable the managements embark on necessary re-organisation exercises that can lead to the effective and efficient performance of the parastatals.

v) lack of proper definition of the roles and functions of parastatals;

vi) in-effective direction, supervision and control of the managements by the Boards, as a result of the latter's ineffectiveness and incompetence arising from the inability, inexperience and lack of the relevant education, training, and occupational background required for serving on such boards by some of the members who cannot, therefore, command any appreciable respect from the managements.

vii) over dependence of the parastatals on government assistance, which does not encourage the spirit to work very hard to become independent, as the government itself will always come to their aid on demand without any hesitation; and

viii) the corruption of both management and staff of the organisations which have led to full scale stealing of its scarce resources which could have been judiciously utilised to pursue the realisation of the organisational objectives; and the acommodation of the act, that is theft by the society.

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APPENDIX 1A

SCHEDULE OF FEDERAL PARASTATALS AS CLASSFIED BY THE PRESIDENTIAL COMMISSION ON PARASTATALS, 1981

Category 'A'

ESSENTIALLY REGULATORY, SOCIAL, ECONOMIC, CULTURAL, POLITICAL OR EDUCATION (OTHER THAN RESEARCH INSTITUES, POST-SECONDARY INSTITUTIONS OF LEARNING AND TEACHING HOSPITALS) AND DEPENDING ON GOVERNMENT FUNDING.

Remains within the Unified Grading and salary system with Annual Budgets being subject to approval by Government, but retains the freedom to hire and fire.

1. Administrative staff college of Nigeria (ASCON)
2. Centre for Black and African Arts and Civilization
3. Citizenship and Leadership Training Centre
4. Export Promotion Council of Nigeria
5. Federal Electoral Commission
6. Joint Admission and Matriculation Board (JAMB)
7. Law Reform Commission
8. National Board for Technical Education
9. National Commission for Museums and Monuments.
10. National Council for Arts and Culture
11. National Dock Labor Board
12. National Fertilizer Board
13. National Library of Nigeria
14. National Population Bureau
15. National Provident Fund
16. National Steel Council (as envisaged in Decree No. 60 of 1979)

17. National Teachers Institute
18. National Universities Commission
19. National Youth Service Corps (NYSC) Directorate
20. Nigeria Pilgrims Board
21. Nigerian Enterprises Promotion Board
22. Nigerian Institute of Medical Laboratory Technology
23. Nigerian Press Council
24. Nigerian Securities and Exchange Commission
25. Nigerian Shippers Council.

Category 'B'

RESEARCH INSTITUTES, TEACHING HOSPITALS, UNIVERSITIES AND OTHER POST SECONDARY INSTITUTIONS OF LEARNING AWARDING DEGREES AND DIPLOMAS, DEPENDENT ON GOVERNMENT FUNDING

Autonomous employer status within the Unified Grading (but not Salary) system with Annual Budgets being subject to approval by Government.

1. Ahmadu Bello University Teaching Hospital
2. Centre for Management Development
3. Cocoa Research Institute of Nigeria
4. Council of Legal Education
5. Federal Government-owned Universities
6. Industrial Training Fund.
7. Forestry Research Institute of Nigeria
8. Industrial Training Fund
9. Kainji Lake Research Institute
10. Lagos University Teaching Hospital
11. Lake Chad Research Institute of Nigeria
12. Leather Research Institute of Nigeria.

13. National Cereals Research Institute
14. National Eye Centre
15. National Horticultural Research Institute
16. National Institute for Ocenography and Marin Research
17. National Institute for Policy and Strategic Studies
18. National Root Crops Research Institute
19. National College of Nigeria
20. Nigeria Building and Road Research Institute
21. Nigeria Civil Aviation Centre
22. Nigerian Institute for Oil Palm Research
23. Nigeria Institute for Trypanosmiasis Research
24. Nigeria Institute of Medical Research
25. Nigeria Store Products Institute
26. Nigeria Institute for International Affairs
27. Petroleum Technology Development Fund
28. Petroleum Training Institute
29. Projects Development Institute (PRODA)
30. Rubber Research Institute of Nigeria
31. University College Hospital, Ibadan
32. University of Benin Teaching Hospital
33. University of Ife Teaching Hospital
34. University of Nigeria Teaching Hospital, Enugu
35. Veterinary Research Institute of Nigeria

Category 'C'

ESSENTIALLY REGULATORY, SOCIAL, ECONOMIC, POLITICAL CULTURAL OR EDUCATIONAL (OTHER THAN RESEARCH INSTITUTES POST-SECONDARY INSTITUTIONS OF LEARNING AWARDING DEGREES AND DIPLOMAS AND TEACHING HOSPITALS) AND INDEPENDENT OF GOVERNMENT FUNDING.

Autonomous employer status within the Unified Grading (but not Salary) system with Annual Budget not being subject to approval by Government.

1. Central Bank of Nigeria.

Category 'D'

QUASI-COMMERCIAL, (INCLUDING BROADCASTING) AND DEPENDENT ON GOVERNMENT FUNDING.

Autonomous employer status within the Unified Grading (but not Salary) system with Annual Budgets being subject to approval by Government.

1. Anambra/Imo River Basin Authority
2. Benin/Owena River Basin Development Authority
3. Chad Basin Development Authority
4. Cross River Basin Development Authority
5. Federal Capital Development Authority
6. Federal Radio Corporation of Nigeria
7. Hadejia Jama'are River Basin Development Authority
8. Lower Benue River Basin Development Authority
9. National Electric Power Authority
10. National Sports Commission
11. News Agency of Nigeria
12. Niger Delta Basin Development Authority
13. Niger River Basin Development Authority
14. Nigeria Film Corporation
15. Nigeria Television Authority (N.T.A.)
16. Ogun/Oshun River Basin Development Authority
17. Post and Telecommunication
18. Sokoto Rima Basin Development Authority
19. Upper Benue River Basin Development Authority

Category 'E'

ESSENTIALLY COMMERCIAL OR INDUSTRIAL BUT DEPENDENT ON GOVERNMENT FUNDING.

Autonomous employer status within the Unified Grading (but not Salary) System with Annual Budgets being subject to approval by Government

1. Ajaokuta Steel Company Ltd
2. Associated Ores Mining Company Ltd
3. Central Water Transportation Company Ltd
4. Defence Industries Corporation
5. Delta Steel Company Ltd
6. Federal Housing Authority
7. Jos Steel Rolling Mills Ltd
8. Katsina Steel Rolling Mills Ltd
9. National Root Crops Production Company Ltd
10. National Steel Council (Exploration and Metallurgical Research division)
11. Nigerian Airports Authority
12. Nigerian Airways Ltd
13. Nigerian Beverages Company Ltd
14. Nigerian Coal Corporation
15. Nigerian Cocoa Board
16. Nigerian Cotton Board
17. Nigerian Dairies Company Ltd
18. Nigerian Food Company Ltd
19. Nigerian Grains Board
20. Nigerian Groundmuts Board
21. Nigerian Oil Palm Board
22. Nigerian Ports Authority

23. Nigerian Poultry Production Company Ltd

24. Nigerian Railways Corporation

25. Nigerian Root Crops Board

26. Nigerian Rubber Board

27. Nigerian Superphosphate and Fertilizer Co. Ltd

28. Oshogbo Steel Rolling Mills Ltd.

COMMERCIAL OR INDUSTRIAL WHOLLY OWNED BY GOVERNMENT AND INDEPENDENT OF GOVERNMENT FUNDING

Autonomous employer status within the Unified Grading (but not Salary) System with Annual Budgets not being subject to approval by Government.

1. Federal Mortgage Bank of Nigeria

2. Federal Savings Bank

3. National Cargo Handling Company Ltd

4. National Insurance Corporation of Nigeria

5. New Nigeria Newspapers Ltd

6. Nigerian Agricultural and Co-operative Bank Ltd

7. Nigerian Bank for Commerce and Industry

8. Nigerian External Telecommunications Ltd

9. Nigerian National Shipping Line Ltd

10. Nigerian National Supply Company Ltd

11. Nigerian Re-Insurance Corporation

12. Sapele Gas Plant

13. Tourist Company of Nigeria Ltd.

Category 'G'

COMMERCIAL OR INDUSTRIAL WITH GOVERNMENT CONTROLLING INTEREST INDEPENDENT OF GOVERNMENT FUNDING AND HAVE NEVER OPERATED WITHIN THE UNIFIED GRADING AND SALARY SYSTEM.

Category 'G' (contd)

Autonomous employer status outside the Unified Grading and Salary System with Annual Budgets not being subject to approval by Government

1. Aba Textile Mills Ltd
2. African Petroleum Ltd
3. Agip (Nig) Ltd
4. Allied Bank for Nigeria Ltd
5. Ashaka Cement Company Ltd
6. Bonny Liquified Natural Gass Ltd
7. Chase Merchant Bank (Nig) Ltd
8. Durbar Hotels (Nig) Ltd
9. Electricity Metter Company Ltd
10. Elf (Nigeria) Ltd
11. Gulf Oil Company of Nig. Ltd.
12. Impresit Bakolori Nig. Ltd
13. International Bank for West Africa Ltd
14. International Merchant Bank for Nig. Ltd
15. Lafiagi Suga Company Ltd
16. Mifergun Nimba Company Ltd
17. National Grain Production Company Ltd
18. National Livestock Production Co. Ltd
19. National Oil and Chemical Marketing Co Ltd
20. National Salt Company Ltd
21. National Shrimp Company Ltd
22. New Nigerian Salt Company Ltd
23. Nigeria - Arab Bank Ltd
24. Nigeria Engineering Construction Ltd
25. Nigeria Hotels Ltd.

26. Nigerian Industrial Development Bank Ltd
27. Nigerian Machine Tools Company Ltd
28. Nigerian Merchant Bank Ltd
29. Nigerian National Fishing Company Ltd
30. Nigerian National Paper Manufacturing Co. Ltd
31. Nigerian National Petroleum Company Ltd
32. Nigerian Newsprint Manufacturing Ltd
33. Nigerian Paper Mills Ltd
34. Nigerian Security Printing and Minting Co. Ltd
35. Nigerian Transformers Ltd.
36. Nigerian Yeast and Alcohol Manufacturing Co. Ltd
37. Opobo Boatyard Ltd
38. Road Construction Company of Nig. (in Liquidation)
39. Savanah Bank of Nigeria Ltd
40. Shell Petroleum Development of Nigeria
41. Specomills Textile Ltd
42. Savannah Sugar Company Ltd
43. Sunti Sugar Company Ltd
44. The Daily Times of Nigeria Ltd
45. Union Bank of Nigeria Ltd
46. Unipetrol Nigeria Ltd
47. West African Distillers Ltd.

APPENDIX 1B

KWARA STATE GOVERNMENT PARASTATALS

1. Kwara Water Corporation (KWWC)
2. Kwara Housing Corporation (KWHC)
3. Kwara State Agric. Dev. Corporation (A.D.C.)
4. Kwara State Printing and Publishing Corporation (KWSPPC)
5. Kwara Radio Corporation (KWRC)
6. Kwara State Rural Electrification Board (REB)
7. Kwara State Transport Corporation (KWTC)
8. Kwara Hotels Ltd (KWH-LTD)
9. Kwara State Rent Tribunal
10. Gate Way Insurance Company (GWIC)
11. Midland Supplies Company (MSC)
12. Kwara Investment Corporation (KIC)
13. Kwara Furniture and Manufacturing Company (KFC)
14. Kwara State Council for Arts and Culture (KWSCA&C)
15. Kwara Town Planning Authority (KWTPA)
16. Kwara Pilgrims Welfare Board (KWPWB)
17. Kwara Health Management Board (KW HMB)
18. Kwara State Land Allocation Committee (KWLAC)
19. Kwara College of Technology (KWATECH)
20. Kwara State College of Education (KWCEDU) Oro
21. Kwara State Schools Board (KWSSCHLSB)
22. Kwara Scholarship Board (KWSB)
23. Operation Feed the Nation Committee (OFN)
24. Kwara State Local Government Service Board (KWLGSB)
25. Kwara State Public Service Commission (KPSC)
26. Kwara Cooperative Federation (KFC)
27. Kwara Brewries Ltd
28. Kwara Paper Converter.

APPENDIX IIA

BROILER AND CULLED FIGURES

| MONTH | LIVE | COST ₦ | MONTH | PROCESSED | | COST |
|---|---|---|---|---|---|---|
| | | | | NO | W/KG | |
| January | 283<br>+ 72 | 1,415<br>+ 360 | January | 48<br>593 | 45.00<br>543.00 | 2,204.25 |
| February | 180<br>+ 17 | 1,108<br>+ 118 | February | 264<br>+ 8 | 263.07<br>+10.07 | 1,082.41<br>+ 45.48 |
| March | 262 | 1,668 | March | 10 | 12 | 51 |
| April | 572 | 5,722 | - | - | - | - |
| May | 725 | 3,668 | May | 515 | 323.20 | 1,131.20 |
| June | 1,455 | 8,840 | June | - | - | - |
| July | 3,433 | 18,877 | July | 264 | 236.70 | 954.80 |
| August | 946 | 5,545 | August | 142 | 119.24 | 476.96 |
| September | 1,472 | 7,569 | September | 374 | 339.03 | 1,357.20 |
| October | 1,540 | 7,772 | October | 10 | 11 | 44 |
| November | 15 | 79 | November | - | - | - |
| December | 1,595 | 7,975 | December | 24 | 21.8 | 87.20 |
| TOTAL | 13,017 | 70,716 | | 12,252 | 1,927.64 | 7,434.5 |

Source: - A.D.C.'s 1981 Annual Report page 17, Appendix vi.

APPENDIX IIB

EGG PRODUCTION AT OKE OYI

| Month | Total doz | Large size doz | Medium Size doz | Small size | Ex.Small size doz | Cracked doz |
|---|---|---|---|---|---|---|
| January | 29,525 | 8,611.5 | 16,808 | 3,140.5 | 46 | 899 |
| Feburary | 22,909.5 | 5,664.5 | 12,818 | 3,328. | 73 | 1,026 |
| March | 20,325.5 | 2,546.5 | 11,194 | 4,820.5 | 183.5 | 1,576 |
| April | 16,242.5 | 1,442.0 | 9,197 | 4,465.5 | 274.5 | 866 |
| May | 15,030 | 2,374.5 | 7,706.5 | 4,012.5 | 152.0 | 783.5 |
| June | 13,121,5 | 2,802 | 7,057.5 | 2,410.5 | 74.5 | 777 |
| July | 3,536.5 | 889 | 1,723 | 596.5 | 87 | 241.5 |
| August | 6,981.5 | 1,364.5 | 2,465.5 | 2,860. | 505 | 393.5 |
| September | 9,525 | 1,692.5 | 3,687 | 3,538 | 214 | 393.5 |
| October | 7,482.5 | 630.5 | 3,196 | 3,133.5 | 101 | 425 |
| November | 13,575 | 1,063 | 7,350 | 4,565 | 76 | 522 |
| December | 17,200 | 652.5 | 8,830 | 7,078 | 92 | 547.5 |
| TOTAL = | 175,460.5 | 29,706 | 92,032.5 | 43,348.5 | 1,878.5 | 8,450.0 |

M. B. Eggs produced at Ageva Farm were not graded, thus they are not included in this table.

Source: 1981 A.D.C.'s Annual Report page 16, Appendix v.

APPENDIX III

LABOUR ANALYSIS FOR 1981 SHOWING THE NO OF PERSONS IN THE EMPLOYMENT OF ADC AGRICULTURE PROJECT PER MONTH

| MONTH | MAIZE PROJECT | CITRUS PROJECT | CASSAVA PROJECT | GENERAL | MAIZE | RICE | MAIZE | TOTAL |
|---|---|---|---|---|---|---|---|---|
| January | 1,856 | 112 | - | 326 | 547 | " | 182 | 3,023 |
| February | 318 | 229 | - | 412 | 616 | " | 182 | 1,757 |
| March | - | 193 | - | 300 | 240 | " | 117 | 850 |
| April | 24 | 169 | 118 | 253 | 224 | " | 123 | 911 |
| May | 35 | 101 | 56 | 287 | 199 | " | 132 | 810 |
| June | 125 | 112 | - | 251 | 236 | " | 236 | 960 |
| July | 354 | 97 | - | 203 | 172 | 252 | 655 | 1,733 |
| August | 381 | 225 | 176 | 212 | 159 | 494 | 537 | 2,184 |
| September | 152 | 274 | 857 | 208 | 255 | 686 | 267 | 2,699 |
| October | 11 | 248 | 561 | 183 | 46 | 990 | 300 | 2,239 |
| November | 279 | 102 | 106 | 178 | 732 | - | 237 | 1,634 |
| December | 615 | 196 | - | 194 | 505 | 234 | 230 | 1,974 |
| G/TOTAL | 4,150 | 1,958 | 1,874 | 3,007 | 3,931 | 2,656 | 3,198 | 20,774 |

Total No. of average casual labourers on the Corporation's pay roll per month = 1,731.

Source 1981 Annual Report of A.D.C. Appendix I pp. II.

Appendix IVA

GOOD YEARS FOR ODU'A - Daily Sketch of FRIDAY, JULY 20, 1984

The board of directors of Odu'a Investment Company Limited, has recommended the payment of dividends of ₦1,000,000 for the year 1979/80 and ₦1,200,000 for the year 1980/81 to the Company's shareholders.

And during the two years under review, total interest on loan paid to the shareholders amounted to ₦4,270,000.00.

These were some of the aspects of a report presented by the Oyo State Military Governor, Lt-Col. Oladayo Popoola in his capacity as the chairman, board of directors of the company, to the fourth annual general meeting of the shareholders held at Akure, Ondo State capital yesterday.

The Odu'a Investment Company Limited, he stated achieved in the operating year ended September, 30, 1981 a total earnings of ₦8,241,000.

Profit before tax for the period, Governor Popoola explained, was ₦3,677,00 taking into account taxation of ₦1,569,000 while the net profit after tax amounted to ₦2,108,000.

He pointed out that in the year ended September, 30, 1980, the results of which were considered together at the annual general meeting along with the results for the year ended September 30, 1981 total earnings amounted

to ₦8,240,000.

"Net profit before tax stood at ₦4,081.00; the net result after paying a tax of ₦1,768.00 amounted to ₦2,313,000."

"Thus, the result of the two operating years now presented to you at this annual general meeting, can be seen to reflect some improvements on the results for the year ended Sept., 30, 1979, when profit before tax was ₦3,308,299 and after tax was ₦1,470,684" Lt-Col.Popoola declared.

He went on: "Members will observe that taxation to the Federal Government continues to take its toll, notwithstanding the fact that all our subsidiary and associated companies pay income tax on their earnings before they could declare dividends on their net profits".

Governor Popoola also told the meeting that 25 companies were constituted as subsidiaries of Odu'a "and ideally, the operating results of these subsidiary companies should be consolidated into the Group Operating Results".

He stated that in the operating years under review, it was only possible to consolidate the results of 18 of these companies into the Group Accounts.

It was not possible to intergrate into the Group Accounts the result of seven companies for many reasons, including the fact that the affiars of four companies

in the banking and insurance are operated on special lines.

According to the Governor, the businesses and operations of the four firms are guided by other statutory regulations in addition to those of the Companies Act 1968.

Governor Popoola gave assurance that every effort would be made by the holding company to include the accounts of all subsidiary companies in the consolidation of future Group operating result while those of the financial institutions would be presented to members as soon as possible after March 31, each year, which is the end of year of operations of the financial institutions.

The meeting was also attended by the Governors of Ondo and Ogun States, Commondore Bamidele Otiko and Col. Oladipo Diya respectively, who are also members of the company's board of directors.

Appendix IVB

New Nigerian Editorial Comment

on Monday May, 21st 1984

MEETING OF 10

MILITARY governors of the ten northern states are holding a one day meeting in Kaduna today - their first since they came to power. The decision to hold this meeting cannot be faulted. Since the interim Common Services Agency, ICSA, was disbanded in 1975, governors in the northern states had been wary of formal meetings, possible for fear that their intentions might be deliberately misrepresented.

But formal meetings among governors of the north are essential for several socio-economic reasons. The ten northern states still jointly own and run the New Nigeria Development Company Limited, NNDC., the Kaduna Polytechnic, Bank of the North and the Northern Nigerian Investments Limited, NIL. Each of these was set up to promote or enhance the promotion of industrial, commercial, social and educational development of the northern parts of the country. Two of them, the NNDC and Kaduna Polytechnic are in trouble.

The NNDC, was set up in 1949 has earned its reputation as a successful government venture. Its solid contribution to the industrial, commercial and economic development of the north speak for themselves. Its investments in the textile industry, hotels, home

developments and other essential social and industrial ventures have been wise and predent. But is does look like we are going to speak of this company in a mixed tense. Politics damaged it by defrauding it of its essential human and financial assets. Political considerations rather than competence have influenced certain sensitive appointments in the company. And it is the loser. Not less disturbing are its poor finances. A company such as this relies on soft funding. But the owner-states aren't responding. Result? Some of the company's subsidiaries, notably, Kaduna Taxitiles and Arewa Hotels are caught up in its financial plights, if all these must change, NNDC has to be reorganised.

Kaduna Polytechnic is another bad case. A couple of weeks ago, its rector Engineer Hamman Tukur, completed a tour of the northern states. He went cap in hand, pleading with state governors to save the institution from dying from financial asphyxiation. He does that every year. Still the state subvention don't tumble in. To compound its problems, the National Universities commission has approved that the Polytechnic can

run degree courses next academic session. Without money that ambition is going to wilt-most regretably.

These, certainly, are not the only problems but they are about the worst confrontating the governors. They have an obligation to save the NNDC and the Polytechnic. We wish them fruitful deliberations. It is our considered view that after today's meeting they will realise the need for regular meetings to tackle common problems.

Note

The underlining is the author's and it is to highlight the socio-economic activities and contributions of the N.N.D.C. in the ten northern States of Nigeria.