

# WESTERN NIGERIA DEVELOPMENT BOARD: MODIFIED COLONIAL AGENCY FOR PUBLIC-PRIVATE PARTNERSHIPS

---

MARKLENE CHINATU UGBOGU

## ABSTRACT

The grandiose objective for the use of public-private partnerships involving foreign capitalists, indigenous entrepreneurs and the government of the Western Nigeria was the insatiable quest of the latter for development to create a society in which 'life more abundant' was realized. Corollary to that factor were the inadequacy of managerial, technical and skilled African manpower vis a-vis the pool of monetary reserves built by the rescinding colonial British administration from overseas sale of cash crops. The government of the Western Region of Nigeria set up the Western Nigeria Development Corporation (WNDC), which operated with relatively extensive autonomy under the oversight of the Ministry of Trade and Industry. Over fourteen partnerships were formed through a network of efforts involving Ministry of Trade and Industry, the Ministry of Economic Planning, Economic Missions, Industrial Promotion Commission and the WNDC. Compared with the ventures whose equities were fully owned by the government, the public-private partnerships performed better. This paper focuses on the partnerships policy, formations and operations of the companies jointly owned by the WNDC on behalf of the government and the private companies. This essay is a contribution to the literature on the relatively least discussed corporation yet the most critical development agency that utilized the reserves of the Western Region Marketing Board.

**KEY WORDS:** Government, public-private enterprises, partnerships, companies and management

## INTRODUCTION

Each of the three regional governments in Nigeria during the decolonization and post-independence era strived for the industrialization of its sphere. The efforts of the Western Region government in this regard were outstanding and therefore needed to be investigated. The measures taken by the government to establish and run the partnerships, the success attained and the challenges it encountered are the focus of this paper. Foreign firms that were desirous to establish companies in partnerships with the Western Nigerian Government approached the WNDC for information and directives. The Corporation assisted the foreign partners to

obtain Pioneer Certificate if they were engaging in the aspects of the economy designated by the Federal Government of Nigeria as having pioneering status. The significance of having pioneering status was for the new companies to enjoy concessions like income tax-free holidays. The companies could also be assisted with loans from the Corporation if the latter was convinced that the companies would contribute significantly to the regional economy. They could also acquire land for building their ventures with the assistance of the WNDC. Approvals were also given to the foreign firms to repatriate their capital and profit.

The companies that the Government had vested interest enjoyed its patronage. This

---

**Marklene Chinatu Ugboгу**, Department of History and International Studies, Joseph Ayo Babalola University, Ikeji-Arakeji, Osun State, Nigeria.

arrangement was considered as incentives for foreign capitalists to invest in the Western Region and produce goods and services. Emphasis on participation of foreign partners in the regional economy was that they should provide technical and skilled staff, top management personnel and capital. The synergy between the western regional government and foreign capitalist entrepreneurs proved successful in the establishment and operations of public-private partnerships. The construction of the 31- acres and provision of all necessary amenities in Ikeja Industrial Estate by the Western Region Government were the main impetus for the region, especially Lagos where Ikeja is located to be the preferred operational headquarters of the partnerships and multinational companies.

### The Partnerships

There were about 30 ventures formed by the WNDC in partnerships with individuals and corporate entities especially foreign companies.

They were managed principally by the expatriates. The assets and liabilities of the concerns were shared according to each partner's equity. Among these companies were the Nigerian Plastics Company, Nigerian Water Resources Development Company, Nigersol Construction Company, Nidogas, Nigerian Pre-Stressed Concrete Company, Crittal Hope, Vono (West Africa), Tower Aluminum, Asbestos Cement Products, and West African Portland Cement Company. Others companies with Western Region Government through the WNDC were the Nigerian Textile Mills, Nigerian Mosaic, Glass Manufacturing Company, Nigerian Electronics, Premier Tobacco Company, Nigerian Petroleum Refinery Company, Galvanizing Industries, Guinness Nigerian Limited and Vegetable Oils – Nigeria. As at 1965, the Corporation had invested £6m in these companies. The table 5.1 below indicates the structure of ownership of some of the partnerships and equity bases of the partners.

**Table 5.1:** Companies formed in Partnership with the Western Nigerian Government

S/N	Name of Company	Location	Ownership & their Equities			
1	Nigerian Plastic Company (1954)	Ibadan	WNDC 50% (£32,500)	UAC 35% (22,750)	YCC. £9,750	
2	Nidogas	Lagos	30% £30,000	Nidogas 60%, £150,000	Anselmino 10% £5,000	
3	Nigersol Construction Company (1959)	Ibadan	60% £120,000	Israeli Co.40% £80,000		
4	Nigerian Water Resources Development Company(1959)	Ibadan	60% £60,000	Israeli Co. 40% £40,000		
5	Nigerian Pre-Pressed and Concrete Company	Abeokuta	20% £50,000	CFAO 40% £20,000	Taylor Woodrow &UAC40% £20,000	
6	Crittall Hope Nigerian Ltd	Mushin	22 <sup>1/2</sup> % £25,000	John Holt 22 <sup>1/2</sup> % £15,000	CMCO 60 % £60,000	John Holt 14%
7	Vono (West Africa)	Mushin	15% £3,000	UAC 30%	Vono 55%	
8	Tower Aluminium Ltd	Ikeja	35% £29,000	MSC. £63,000	AU £32,000 AA	

9	Asbestos Cement	Ikeja	43%	MMS 8.8% £48,000	Italian Group 64.4% £342,000	
10	Nigerian Sugar Company	Apapa				
11	Nigerian Mosaic and Glass Manufacturing Company	Ikeja	WNDC 13 <sup>1/2</sup> %	NASSW Group & Co. 70%	Chief Doherty 16 <sup>1/2</sup> %	
12	Pioneer Biscuit Company	Apapa				
13	West African Portland Cement Company	Ewekoro	39%	UAC 10%	APCM 51%	
14	Nigerian Textile Mills Ltd	Ikeja	33%	Acturus Dev. Co. 30%	Swiss Group 37%	

**Sources:** Nigerian Daily Sketch. 1965. March 11. Pxxii. Western Region Government. 1966. Progress in Western Industrial Development. Ibadan: Government Printer. Western Region Government. Annual Report and Accounts of the Western Nigeria Development Corporation. 1956/60. 12-21) and the NAI/CE/ C8. Federation of Nigeria. 1962. Commission of Inquiry into the affairs of Certain Statutory Corporations in Western Nigeria. Day 2. July 23. 56.

Several partnerships between the Western Region public enterprises and their foreign counterparts were formed as the results of the Economic Missions embarked by officials of the government. The Dayton Public Company of the USA was one of the places the Economic Missions visited. For the establishment of Pepsi Cola, the Export-Import Bank of America agreed to provide A.G Leventis funds to form a partnership with the Western Region Government. The family of Obafemi Awolowo benefited from this venture as his wife was made the sole distributor of Pepsi products in Western Region. The soft drink was seen as the official drink of Western Nigerian Government. The most important thing is that the partnerships became one of the most successful ventures that enamoured the industrial economy of Western Nigeria from the 1960s.

The formation and incorporation of Tower Aluminum (Nigeria) was another case of demonstration by the Government of its determination to form partnerships with several companies. In Tower Aluminum (Nigeria), the WNDC invested 29,000 as part of Tower Aluminum's equity share of 125,000. Midland Spinning Company invested 63,000, Aluminum Union had equity of 32,000 and Akinloye Aboderin 1,000. It was also one of the economic missions of the Western Region Government that resulted in the establishment of the Nigerian Mosaic, Glass Manufacturing Company and others in the region. In the same manner, the

Western Nigerian Printing Press (West Africa) wholly owned by the regional government, held shares in the Apex Papers. In September 1957, the possibility of manufacturing metal window frames in Nigeria was discussed with the representatives of the Crittal Manufacturing Company, John Holt and the WNDC. This resulted in the establishment of Crittal Hope (Nigeria) Company with a capital of 100,000 in February 1958. The CMCO was located in the industrial area of Abeokuta. In March 31, 1958, construction work of the company commenced. Crittal Manufacturing Company (CMCO) held 60,000 shares, John Holt 15,000 and the WNDC had 25,000. The CMCO started production in March 31, 1958. The company provided a wide-range of products and services. The products were metal products with rolled steel doors, projected standard windows, press metal door frames, tropical doors and windows, rolling shutters, rolling grills and collapsible gates.

The Mosaics and Glass Manufacturing company (MGMC) was a joint venture owned by WNDC, Adebayo Doherty and Oduntola. The equity capital outlay of the MGMC was 64,572 out of which the WNDC held 20,000, while Adebayo Doherty held 25,000 shares. The WNDC invested in the Nigerian Pre-Stressed Concrete Company (NPSCC), the sum of 50,000. Other partners of the Nigerian Pre-Stressed Concrete Company were the CFAO with 20,000 share capital in the company and Taylor Wood and UAC that had 20,000 equity in

the business. By mid-1962, the NPSC paid a dividend of 2,500 to its shareholders; an indication of its profitability.

The Nigerian Industrial Domestic Gas Supply (Nidogas) was established as a joint venture comprising WNDC, Garroni and Guerriero of Italy, Nidogas and Anselmino. The initial loan of 25,000 with which the company started construction of its facilities was provided by the WNDC. The authorized capital outlay of the Nidogas was 150,000. By mid-1962, only 100,000 of that fund had been paid out of which the counterpart fund of the WNDC was 30,000. Liquidgas and the Anselmino held 5,000 equity shares, respectively. In 1960, the company made a loss of 26,226 but revamped to record a profit of 28,400 in 1961. The company later sold its cooking and light gas under the trade name of Nidogas. In the Nigerian Plastics Company, the WNDC held 32,500 shares while the Yorkshire Copper Company held 9,750 and the UAC 22,750. In 1960, the WNDC gave the Nigerian Plastics Company an unsecured loan of 20,000.

In Vono (West Africa), the WNDC invested 3,000 against Vono's 11,000 equity capital and 6,000 from the UAC. The WNDC invested 157,500 in Asbestos Cement Products in 1960. Other co-investors were the Italian Group that had 342,000 and Commercial Group with 48,000 equities respectively in the company. In 1962, out of the 150,000 equity capital of the Pioneer Biscuit Company, the Corporation invested 20,000. Other partners of the company were Doherty and Nassar Group with 25,000 and 105,000 respectively.

The Nigerian Sugar Company is owned by the Federal Government, three regional governments of Nigeria and the Bookers (Nigeria) Limited. The total equity capital of the company was 760,000. Out of that amount, the WNDC held shares that translated to 100,000. The Northern Nigerian Government held N310,000 and the Eastern Nigeria's share amounted to 100,000. The technical partner, the Brokers (Nigeria) Limited held participatory shares of 300,000. The Nigerian Sugar Company had the Federal Government as one of its investors.

In 1948, 132,000 tons of cement valued at 835,000 was imported into Nigeria. From 1949 to 1955, the value of cement imported from Europe to Nigeria amounted to 12,762,000. The Western Nigeria absorbed 40 percent of volume of imported cement. As a result of reconstruction works in the countries ravaged by the World War II, there was an increase in global demand of cement. There was also growth in the rate of

urbanization of the third world countries including Nigeria. The Western Region of Nigeria had economic boom in the 1950s following high prices of cocoa in the world market. In addition, there was increased demand for establishment of schools, clinics, hospitals and construction of roads. For instance, mud houses were giving way for erection of modern concrete buildings for private individuals. The consumption of cement in Western Nigeria exceeded 200,000 tons in the 1950s. On confirmation that there was large quantity of limestone deposits of varying thickness and high qualities in the region, the Government sought to reduce its dependence on imported cement for its building and construction needs. More so, the Eastern Region Government had by 1956 built a cement factory at Nkalagu, near Enugu. The Western Region Government, which had penchant for acclaiming to be foremost in development initiatives compared with other regions in Nigeria, decided to embark on establishing a cement company. It made arrangement with a British firm to carry out investigation on the economic viability of investment in cement production in Western Nigeria. In 1956, the Government commissioned the Associated Portland Cement Manufacturers (APCM) to carry out a geological survey to determine the feasibility of limestone deposit, in terms of quantity and quality. The firm's geologist, A.M.M Spur, confirmed the existence of extensive deposit of limestone in Ewekoro.

The issue of forming a partnership, funding and managing the firm were discussed and resolved. While all partners contributed financially to the equity capital of the company, the technical management of the firm was provided by the APCM. The company held 51 percent equity shares in the firm and the UAC 10 percent. The capitalization shares translated to 4m for estimated outfit of 200,000 tons of cement each year. In 1960, the building of the cement factory commenced. In 1962, the value of the West African factory was 4.5m. The quality of the company's product compared favourably with imported cement from Europe. There was high demand for it and this led to the need to expand the factory. The cost of expansion, by 1965, was 1.5m to increase production from 200,000 to 450,000 tons per year.

The benefits of expanding the factory included increased number of Nigerians employed in the company, cheaper price of cement, cheaper cost of construction work in Nigeria and increased knowledge in cement production technology by Nigerians. This

outlandish cement factory created economic linkages. Small companies sprang up around the Ewekoro village and commercial activities increased. In 1964, the company embarked on expansion work at the cost of £1.5m to increase production to 450,000 tons per year. In 1966, sales of WAPCs cement went up to about 10 percent per metric ton. The WAPC's net profit in 1966 was 500,000. It was again time to further expand the factory. The cost of expansion of the firm in 1966 was 4m. This second phase of expansion was aimed at increasing the production capacity of the factory to 500,000 tons of cement by 1967. The WAPC became the most profitable and remained the best partnership the regional government initiated.

The original idea of forming an engineering construction consortium that would comprise as its owners the indigenous contractors, an Israeli firm and the Western Regional Government came from local contractors in early 1959. In pursuit of setting up the construction company, some Western Region government officials embarked on an economic mission to Israel with the Mekoroth Water Company. The mission resulted to endorsement of a memorandum of understanding with SolelBoneh, an Israeli company to set up two construction companies. The memorandum of understanding was executed on January 14, 1959. On the demand of the Nigersol Construction Company (NCC), the Nigerian Water Resources Development Company (NWRDC) obtained a letter of intent from the Western Region Government that the latter would assign majority of its works to the companies. However, the Government could allow other contractors to compete reasonably with the NCC and NWRDC. In the first year of the operations of the companies, they were to be assigned contracts only by negotiation with the Western Region Government. After series of negotiations, the Water Resources International Corporation and SolelBoneh on one side and the Western Region Government represented by the Ministry of Trade and Industry on other side formed the NCC and the NWRDC on July 25, 1959. The equity capital of the NWRDC was £100,000. The share capital of the Western Region Government in the NWRDC was £60,000 or 60 percent of its

total equity capital. By August 10, 1959, the WNDC had invested into the NCC, the sum of £120,000 when the Israeli partners had not made good of their equity shares of £80,000 or 40 percent of the total, capitalization fund. On distribution of return on investment, the expatriate co-owners of the NCC and NWRDC were entitled to 8 percent profit made from operations of the companies before taxation. The dividend after taxation was agreed to be shared according to each partner's equity in each of the companies. The Israeli were to sell their equity capital and any other interest they had in the companies to the Western Nigerian Government after 5 years of operation in the region. The long term plan of the regional government was that by 1983, a total of £25,450,000 would have been spent on water project for provision of 122m tons of water per year.

As of March 31, 1961, the NCC made a profit of £128,000. In 1962, its profit rose to £228,921. In 1961/62 only, contracts valued at £852,948 were awarded to NCC. In 1961/62, out of the £5,703,114 value of contracts awarded by Government on road and bridge constructions, NCC got contracts of £2,487,671.112. Unpaid accumulated dividends between 1962 and 1964 amounted to £60,000. The NCC debt portfolio grew to £1,575,000 by February 28, 1962. In 1966/67, accounting year, the NCC made a marginal profit of £3,008 and had no major contract. The NWRDC also had a profit of £3,809 for its 1966 operations. Events that led to pauperization of the companies can be illustrated by several factors, corruption being the cardinal. For instance, the political class that ruled the regional government used the companies to siphon public funds in their favour.

### **Textile Industry**

The high demand for textile in Nigeria, the availability of cotton in both Northern Nigeria and Ishan in Western Nigerian, motivated the Western Region Government to include establishing a textile company in its development plan. From the feasibility study on textile industry in Nigeria, it was glaring that there was market for textile and that the venture could be rewarding as shown in table 5.2 below:

**Table 5.2:** Import of Cotton and Rayon Textiles in Tons

Year	Total	Cotton	Rayon textile
1948	41.9	13.3	1.3
1949	58.2	19.0	2.4
1950	61.9	15.6	3.8
1951	84.5	16.3	7.8
1952	13.3	28.7	10.5
1953	108.2	20.1	9.5
1954	113.9	17.5	10.5
1955	97.1	14.0	6.5

**Source:** Western Region of Nigeria. 1957. General Information and notes on Investment possibilities.

11

From 1939 onwards, the export value of Ishan cotton was quite high. About 5,000 tons of cotton was exported from the Western Region. By 1956, export of cotton from Nigeria had risen to 30,000 tons per annum. Ishan cotton was considered suitable for the production of sheeting and shirting. Based on these findings, the Western Region Government was determined to establish a textile industry in its region. The promoters of the establishment of the textile industry had it that Ishan cotton would be the main source of raw material for the new company.

The agreement between the Northern Region Government and David Whitehead and Sons to form a partnership for the establishment of a textile factory with 1,000,000 equity capital attracted the attention of the Western Region Government. In the spirit of competition on development activities among the regional governments in Nigeria, the Western Region Government decided to establish a similar company. The WNDC found two potential partners for the textile factory. The corporation faced the challenge of finding two partners that could undertake the complete process of spinning, weaving, dyeing and finishing. It should be recalled, that by 1950 there were already in existence, in the Western Region, a sizeable number of persons who had acquired adequate technical skills on cloth construction and weaving. This made the take-off of the factory, on schedule, feasible. The numerous students of Western Region origin who were interested in acquiring knowledge in textile technology were given scholarships to study in the USA.

In 1956/57, the Barber Textile Corporation, a foreign company, which was commissioned to carry out a feasibility study, submitted its report to the Ministry of Trade and Industry. Another multinational, the Trans-Continental Mercantile Company of Milan, Italy,

was asked to produce a similar feasibility study. Both reports confirmed that a textile factory for the Government would be a viable project. On February 2, 1960, a consortium of the WNDC, Ariturus Investment and Development, a subsidiary of Chase International Investment Corporation and Amenital Hobling Registered Trust formed the Nigerian Textile Mills. Modern machinery and machines were installed in the factory. The NTM utilized 90 percent raw materials from Nigeria for spinning, weaving, bleaching, dyeing, printing and finishing of its production. Textilconsult of South Africa owned by Manner Textile for General of Trans-Continental Merchant Company of Milan, Italy supervised the construction of the mills. Initial production target was 10,000 yards per annum. Later the target was raised to 42,000,000 yards of various colours and types of cloths. The factory expansion project initiated to achieve the new target was expected to be completed in December 1966. The project was partly financed by a loan of 200,000 taken from the Nigerian Industrial Development Bank. The NTM was also able to obtain supplies of needed machinery and equipment in credit to the tune of 700,000 payable within seven years. Infrastructure such as electricity, boreholes for water supply, effluent disposal facilities were provided. In 1964, all the 500 loans of the factory were operational. The production target of 18,000,000 yards was achieved in 1964 and 1,000,000 lb of fabric were knitted.

The total equity capital of the NTM was 3m. Its fixed assets by December 1965 amounted to 2,173,419. In 1963, it made a profit of 302,217. Its profit in 1964 increased to 539,462 and 78,220 in 1965. From its original equity capital of 200,000 in 1960, the company's authorised capital surged to 1m. The Federal Government granted it five years tax holidays within the legal framework of the Industrial

Development (Income Tax Relief) Act of 1958. The NTM was also granted a three year concessionary rate of import duties on grey cloth used for painting.

The Textile consultant of South Africa provided the NTM with technical and commercial staff. It also gave it information and advice. The consultants' fee was 5 percent of the company's net profit before tax deduction. The contract with the textile consultant had ten years duration from September 1962 to September 1972. However, the agreement provided that the period would be divided into successive three years. It also had a provision that each of the parties could terminate the agreement with a period of notice not less than six months.

Human resources management of the company contributed significantly to the success of this multi-skilled driven factory. The NTM's General Manager, Nicolas Riggs, had 28 years of experience in textile industrial management before being engaged by the company. About 1,380 persons were employed out of which 1,340 were Nigerians. The factory management established a training center for acquisition of relevant skills. At the completion of the expansion project in 1966, an additional 1,380 workers were employed.

## CONCLUSION

It could be argued that several factors including nearness to Apapa sea port, high concentration of workers of with purchasing power, good network of communication facilities like roads running from northern and eastern parts of Nigeria to the Western Nigeria terminating at Lagos, railway lines and availability of raw materials are paramount to the industrialization of the Southwestern Nigeria, especially Lagos is primarily a product intensity of direct involvement of the regional government. Not only were industrial estates built by the government, it encouraged the establishment of private ventures, fully government owned enterprises and public-private partnerships on liberal terms.

It was observed that the public-private partnerships in which the regional government through its agency, the WNDC, had the biggest equities like the NCC and NWRDC, though viable were bedeviled with politicization and corruption. The best performing public- private partnership like the WAPCO, Crittal Hope Nigerian and Vono (West Africa) were those with inferior regional government equity capital. The most venerable to

failure were the public enterprises fully owned by the regional government like the G.L. Gaiser, Lafia Guest House and the Lafia Canning Factory. The success of the Great Nigerian Insurance Company also fully owned by the Western Region government was an exception in the case. It was obvious by 1966 that the overbearing weight of the ruling political class on public enterprises constituted a serious problem to the operations and profitability of public enterprises. This constraint was not addressed as various governments in Nigeria created over 1,000 public enterprises through the 1970s only for almost all of them to collapse with heavy indebtedness and other consequences.

## REFERENCE

- Ajayi, J. F. A., 1966. 'Transfer of Power in Nigeria. Its Origin and Consequences.' in Clifford, P and Loius, R. eds. African independence. Lagos: Longman
- Berry, B. S. S., 1975. Custom and Socio-Economic Change in Rural Cocoa in Western Nigeria. Oxford: Clavendon Press.
- Henson, A. H., 1959. Public Enterprises and Economic Development. London: Routledge and Kegan Paul.
- Kilby, P., 1969. Industrialisation in an Open Economy. Great Britain, Cambridge University Press
- Lawal, A. A., 1987. Industrialization as Tokenism in Falola, T. (ed.) Britain and Nigeria Exploitation or Development. London: Zed Books.
- Maurice, C., 1957. On the Theory of Socialist Revolution. The Marxist Quarterly. Vol.4. January
- Ogunmodede, F. I., 1986. Chief Obafemi Awolowo's Socio-Political Philosophy. Ibadan: Intec Printer.
- Okigbo, J., 1993. 'The Nigerian Economy: Towards the New Millennium.' in Adelemo, A.I and
- Ponlantzias, 1980. State Power, Socialism. New Left Review. Moscow: Press and Verso.

Sklar, R. L., 1968. Nigerian Political Parties. London: Frank Cass.

Teriba, O and Kayode, M. O., (eds). 1977. Industrial Development in Nigeria. Ibadan: Ibadan University Press.

Wells, F. A and Warrington, W. A., 1962. Studies in Industrialization: Nigeria and Cameroun. London: Oxford University Press.