

# World Report

A photograph of Tony Blair, the former Prime Minister of the United Kingdom, shaking hands with Olusegun Obasanjo, the President of Nigeria. Blair is on the left, wearing a blue suit and a light purple tie, smiling. Obasanjo is on the right, wearing a white traditional Nigerian agbada and a white and purple patterned gele. They are standing in front of a dark door with the number '10' visible above it.

Tony Blair met Nigerian President Olusegun Obasanjo a month before the G8 summit at Gleneagles where he urged western countries to establish new partnerships with African nations.

## **NIGERIA** LEADING A NEW PARTNERSHIP FOR AFRICA

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**Project Coordinator:**

**Federica Scarso**

**Editorial Coordinator: Luke Heine**

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**FOR MORE INFORMATION CONTACT:**  
World Report International Ltd.,

2 Old Brompton Road, South Kensington,  
London SW7 3DQ.

Tel: +44 20 76296213,  
Fax: +44 20 74953707

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# Giant Awakening

*'Business as usual' no longer applies in Nigeria. Africa's most populous nation is on the move, setting its economy on the path to sustainable growth, improving its governance and combating corruption and poverty*

PHOTO: GONZALO GALLARDO

Think Nigeria and you have to think big. The most populous nation on the African continent, Nigeria is home to an estimated 140 million people – a fifth of Africa's population. It is also Africa's largest oil-producing nation, and the eighth largest in the world, with an output of around 2.4 million barrels per day.

Record high international prices have resulted in a surge in Nigeria's oil revenues. Crude oil earnings are expected to increase by 27 per cent to \$37.7 billion (£21 billion) this year, according to the Organisation of Petroleum Exporting Countries (OPEC). Next year they are forecast to rise to more than \$41 billion.

However, despite its enormous oil resources, Nigeria is far from being 'oil-rich'. The second largest economy in sub-Saharan Africa is one of the world's poorest countries, with 70 per cent of its population – more than 90 million people – living on less than a dollar a day. Divided among Nigeria's huge population, even the present high in oil revenues, represents just 75 cents per day per person.

According to Finance Minister Ngozi Okonjo-Iweala, Nigeria's oil has served

as "a giant mask to hide the genuine poverty of our vast country".

The country faces huge challenges in terms of health, education and basic infrastructure. More than 80,000 Nigerian children die every month before they reach the age of five – 30 per cent of them from malaria, which kills at least one million of the population annually. The

## Nigeria is a country of huge potential, with vast human and natural resources

prevalence of HIV/AIDS is above 6 per cent and rising. Less than 50 per cent of the rural population have access to safe water. Around 40 per cent of young children do not attend primary school.

Nigeria is, nevertheless, a country of huge potential, the economic powerhouse of the West African region, with human and natural resources on a large scale. One of the biggest markets in Africa in its

own right, it provides considerable scope for development in agriculture, manufacturing, mining and services such as telecommunications and tourism.

While none of Nigeria's problems can be solved quickly, major advances have been made since the country returned to democracy under President Olusegun Obasanjo in 1999 after more than a decade of corrupt military dictatorship.

One of the biggest triumphs for the government came as recently as July when the Paris Club of creditor nations agreed to cancel 60 per cent of Nigeria's external debt. At \$31 billion (£17 billion), it was the largest external debt in Africa, with a debt servicing charge of more than \$2 billion (£1.1 billion) per annum. The remaining 40 per cent is to be 'bought back' by Nigeria through a discount window, using its oil windfalls.

The Paris Club representatives were impressed by the wide range of economic and structural reforms introduced by the government, whose National Economic Empowerment and Development Strategy (NEEDS) has the support of the International Monetary Fund (IMF) and the World Bank.



NGOZI OKONJO-IWEALA  
MINISTER OF FINANCE

**'Reforms will reduce poverty and create wealth, relying on the private sector'**



CHARLES SOLUDO  
GOVERNOR OF THE CENTRAL BANK OF NIGERIA

**'Nigeria could become the China of Africa within two decades'**

on good governance and making determined efforts to improve macroeconomic management, transparency and accountability. In the President's words, it is no longer a case of "business as usual".

A crucial part of the reform process is a determined crackdown on corruption being spearheaded by anti-corruption agencies such as the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices Commission (ICPC), established by the government. Hundreds have been jailed and even high-profile public figures are not immune. Several government ministers have been sacked and a police chief arrested.

In the meantime, for the first time in decades, Nigeria has been meeting and even exceeding its national macroeconomic targets. GDP, which was targeted to grow by 5 per cent in 2004, actually increased by 6 per cent. The rate of inflation fell to 10 per cent from 23.8 per cent in 2003. External reserves more than doubled from \$7.4 billion (£4.1 billion) in 2003 to \$16.9 billion (£9.4 billion) in 2004, reaching \$24.5 billion (£13.6 billion) in April this year. Real GDP is projected to grow by 7 per cent on the basis of higher crude oil and gas production, and non-oil GDP by 5 per cent.

According to the IMF, which sent a mission to the country earlier this year, Nigeria has created a window of opportunity to lay the foundation for faster growth, poverty reduction and achieving its Millennium Development Goals. ■

Through NEEDS, the government aims to build a competitive, broad-based, less oil-dependent economy. The role of the state is being reduced and growth of the non-oil private sector encouraged through privatisation, deregulation, liberalisation and increased inflows of foreign investment. In parallel with the federal initiative, the individual state governments are preparing their own State Economic Empowerment and Development Strategies (SEEDS).

According to Dr Okonjo-Iweala, the main objectives of the reforms are "to reduce poverty and create wealth by relying on the private sector to grow the economy and provide jobs and on the public sector to provide an enabling environment."

Taking the long-term view, the Governor of the Central Bank of Nigeria (CBN), Charles Soludo, says the strategy could transform the country's fortunes to the extent that within two decades Nigeria could become "the China of Africa".

NEEDS also involves improving the way that government works. A leading force in the African Union's New Economic Partnership for African Development (Nepad), Nigeria is focusing

## NIGERIA At a glance

**Location:** West Africa, bordering the Gulf of Guinea  
**Area:** 356,669 square miles  
**Neighbouring countries:** Benin, Cameroon, Chad, Niger  
**Population:** 140 million est.  
**Capital city:** Abuja.  
**Commercial centre:** Lagos  
**Head of State:** President Olusegun Obasanjo  
**Religions:** Muslim 50%, Christian 40%, indigenous 10%  
**Climate:** equatorial in south, tropical in centre, arid in north  
**Official language:** English  
**Money:** naira  
**GDP, real growth rate:** 6.2% (2004)  
**Workforce:** 55.6 million  
**Main exports:** petroleum, petroleum products (97%), cocoa and rubber  
**Main imports:** machinery, chemicals, transport equipment, manufactured goods, food and live animals  
**Date of Independence:** October 1, 1960 (from Britain)

Source: CIA World Factbook



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# 'Good things are happening here'

**Nigeria's Head of State talks about reform and ideas behind the New Partnership for Africa's Development**

Is Nigeria still a 'risk market' for investors? Why should they now feel more confident about putting their money into the country?

Well, you know old perceptions die hard. A lot of good things are happening in Nigeria. You come here, go through the airport and find it nice. People are courteous and welcome you. You go into your hotel without any problem. But that does not make news.

We have a reform package that the international community, the World Bank, the International Monetary Fund, the United Nations Development Programme (UNDP) and our bilateral development partners have applauded.

Our National Economic Empowerment and Development Strategy (NEEDS) satisfies all the requirements to develop our socio-economic environment, embracing institutional improvement, privatisation and commercialisation, infrastructure, human development, education and health.

We are fighting corruption in a way it has never been fought before. We are determined to implement reform and give encouragement and incentives to investors – and investors are coming in.

How would you characterise Nigeria's relationship with the UK and the rest of the Commonwealth?

We have a special relationship with the United Kingdom as a result of historical fact. It is not something that we should be ashamed of, colonialism is a part of our history. It should be an advantage to both sides. We should cherish and nurture it so that it becomes an enduring partnership of mutual respect, understanding, co-operation and agreement.

Being in the Commonwealth offers us a



lot. Our civil service and judicial system follows the British model and therefore when we talk of service delivery our law, legislature and legal system are almost the same as Britain's, Australia's and Canada's.

Commonwealth countries like Canada and Australia see the advantage of operating in Nigeria. There's no language barrier. For instance, we are promoting the mining of solid minerals and Australia has experience of this. We invited them to talk and they are giving us their experi-

ence and telling us what will be difficult and when we have to do things differently.

What has the New Partnership for Africa's Development (Nepad) achieved so far and what challenges lie ahead?

For the first time, we have a programme that encompasses every aspect of our lives: political, economic and social. Nothing has been left out.

All these things are interrelated and intertwined. You cannot tackle health and

leave out dealing with the issue of poverty. That is the difference between Nepad and other programmes or plans so far.

Africans themselves conceptualised it, initiated it and developed it. We did not stop there, we took it to our development partners for them to look at it and see whether they could come aboard. They looked at it and said: 'Africans are now taking their fortune and destiny into their own hands, let's back them up.'

The emphasis is on partnership. Within countries, the partnership is between the private and public sectors, between young and old, and women and men. Then partnership between country and country within a sub-region, and we are using the regional economic communities as the building blocks. So, you have a sub-region partnership, and then partnership within Africa and then partnership between Africa and the rest of the world.

Another thing that makes Nepad different, is the introduction of the African Peer Review Mechanism (APRM). There is no aspect of the past programmes that allowed us to assess what we are doing by ourselves. Through the APRM, we are able to tell ourselves that we can do what we are doing a little bit better or in different ways. Or we can decide that the way we are going will not be of any help.

Nigeria is preparing for its own African Peer Review Mechanism. Again that is good. We will now have the say as to what we need – self-correction, self-criticism and self-analysis. A panel of eminent people will visit us and look at every aspect.

How does Nigeria see itself as a member of the global community?

We have always maintained that Nigeria should never be an oasis in the midst of a desert. If we did that it would be unhealthy for us. It would not ensure our security. It would not ensure stability. We have God-given resources and we believe that those resources should first of all be enjoyed by Nigerians. However, they should not be limited to Nigeria alone but enjoyed by our neighbours, the rest of Africa and, indeed, the rest of the world. ■

## The Dream Team driving the reform process

**NGOZI OKONJO-IWEALA** Finance Minister, one of only two women finance ministers in the world. Internationally respected, she is the key figure in enforcing Nigeria's fiscal and financial reforms and proved a forceful advocate for cancellation of its external debt.

**CHARLES SOLUDO**, Governor of

the Central Bank of Nigeria, formerly Chief Economic Adviser to the President. Has revolutionised the banking sector by introducing N25 billion (£106 million) minimum capital base requirements designed to consolidate the industry.

**OBIAGELI EZEKWESILI** Minister of Solid Minerals, overseeing de-

velopment of one of the most important non-oil resources. Saved the country huge sums in her former post as head of the Budget Monitoring Price Intelligence Unit (BMPIU).

**ODE OJOWU** Chief Executive of National Planning Commission and Economic Advisor to the President. One of the architects

of the National Economic Empowerment and Development Strategy (NEEDS).

**MALLAM NASIR EL-RUFAI** Governor of the Federal Capital Territories. Known for his campaign against illegal building and land scams in Abuja and its environs.



OBIAGELI EZEKWESILI  
MINISTER OF SOLID MINERALS

# Opting for self help as well as aid

*The New Partnership for African Development (Nepad) aims to replace dependency with mutually beneficial partnership*

**A**frica is the only continent to have grown poorer in the past 25 years. Its share of world trade has halved in a generation, and it receives less than 1 per cent of direct foreign investment.

Recent events such as the G8 summit at Gleneagles and Live 8 have focused attention on what the world can do for Africa, while Britain, Nigeria's former colonial master, has taken the lead in persuading the wealthy countries of the world that the time has come to provide serious support.

At the same time, however, African leaders like Nigeria's President Obasanjo and South Africa's Thabo Mbeki are spearheading a collective initiative for African nations to help themselves through the New Partnership for African Development (Nepad).

Isaac Aluko-Olokun, President Obasanjo's Senior Special Assistant on Nepad, emphasises there are no illusions that the African Union project can provide a quick fix for Africa's problems. "When the leaders met recently they agreed it was going to be a 20-year programme or more, so one has to keep that in perspective," he says. "It is a long-term proposition." Nevertheless, real progress is being made and the initiative is being taken seriously by the developed countries. "Collectively, the G8 countries account for 75 per cent of all the official development assistance to Africa," says Mr Aluko-Olokun. "We are now having a structured dialogue with them and that has never happened before." Nepad's agenda rests on three basic principles – ownership, responsibility and partnership. It aims to create an investor-friendly environment that emphasises good economic and political governance, a credible policy framework and the highest possible standards of regulation.

The objective is to change the relationship with the developed nations, replacing dependency status with 'enhanced partnership'. "We have always had a relationship with the outside world but that came more or less with dependency status. This time around, the relationship is defined differently. It is partnership built on mutual respect and mutual benefits, clearly defined obligations. "On the African side this involves obligations with regard to good governance, peace and security and the rule of law. On the side of the partners, they will define their own obligations too, to help us to resolve the problems of debt, trade, AIDS, tuberculosis and other pandemic diseases."

Fola Adeola, a member of the Commission for Africa established by Tony Blair, which urged a doubling of aid to the continent, says that in the long run rich nations like Britain stand to benefit



ISAAC ALUKO-OLOKUN  
SENIOR SPECIAL ASSISTANT TO THE PRESIDENT ON NEPAD

**'We are having a structured dialogue with G8, and that has never happened before'**



GOODIE M. IBRU  
CHAIRMAN OF NEPAD BUSINESS GROUP NIGERIA

**'This time the private sector is going to be in the vanguard'**



MOHAMMED HAYATU-DEEN  
CHAIRMAN OF THE NIGERIAN ECONOMIC SUMMIT GROUP

**'Once you open up the continent, investment will flow into and through it'**



Supporters of President Obasanjo rallied after creditor nations granted debt relief to Nigeria.

from the development of African countries such as Nigeria. "An economically empowered 150 million people is a big market, so whatever the developed world puts in now would only be an investment," he observes.

Nigeria is one of several countries that have taken the lead in volunteering for systematic examination under the African Peer Review Mechanism (APRM), estab-

**The private sector has a vital role to play in the realisation of Nepad's vision**

lished to ensure that the policies and practices of participating states conform to the agreed political, economic and corporate values, codes and standards. "The essence of the whole thing is peer-learning and willingness to adopt the best practices," explains

Mr Aluko-Olokun, who is APRM's National Coordinator. Nigeria has contributed \$1 million (£560,000) towards the effective functioning of the mechanism. Twelve of the African countries whose debts have been written off are members of the APRM and the number signed up to the process has been increasing.

A vital role in realising Nepad's vision will be played by the private sector. Goodie Ibru, Chairman of the Nepad Business Group Nigeria (NBG) says that one of the stumbling blocks for previous economic programmes for Africa has been implementation. "One of the problems in the past was the fact that governments tried to implement these programmes. This time, the private sector is going to be in the vanguard." NBG is working closely with the African Development Bank (ADB), which has a role as a facilitator in most of the programmes of Nepad. "Of course, one of the biggest challenges facing Africa and African economic development is access to medium- and long-term funding," says Mr



FOLA ADEOLA  
MEMBER OF THE COMMISSION FOR AFRICA

**'An economically empowered nation of 140 million people is a big market'**

Ibru. "That is one area in which ADB can assist."

Mohammed Hayatu-Deen, Chairman of the Nigerian Economic Summit Group (NESG), also stresses the vital role of the private sector: "We have made substantial reforms since 1999 to reduce the centralised control of the government and facilitate economic growth through privatisation in a wide range of sectors such as industry, banking, petroleum, insurance, hospitality, industry."

Mr Hayatu-Deen sees economic integration as another crucial element in achieving Nepad's goals. Convergence policies have been established for every country in West Africa as the area moves towards becoming a single monetary zone on the way to the creation of a single regional market. He stresses the importance of removing trade and investment barriers between African states. "One of the most important things we need to do as an economic bloc is to ensure that we get the economy right. Once you open up the continent and have the roads, air and marine routes in good order, investment will flow into and through it. This entails major infrastructure projects." ■

## Involving the communities in cutting poverty

□ After China and India, Nigeria has the third highest number of the world's poor people and, despite the progress made in recent years, the country still faces major challenges before it is able to meet its Millennium Development Goals.

The government has streamlined all the programmes and agencies relating to poverty alleviation and is putting the emphasis on involving the communities themselves.

Rather than simply delivering services from the top down, it has opted for a demand-driven approach tied to specific, community-driven needs. The idea is to empower the people and encourage them to work together.

The on-going Community Based Poverty Reduction Project (CBPRP) aims to improve access to social and economic infrastructure at the community level. Education and health services have been provided through the initiative, which seeks particularly to contribute to the reduction of poverty among women and girls in the targeted areas.

The project is co-financed by the World Bank, through a \$60 million (£33 million) credit and by the African Development Bank, which is providing an additional \$26.74 million (£15 million).



More children are able to benefit from access to education and health services.

# Hopes are rising for investment take-off

*Nigeria is building a more positive image as an investment destination with potentially great rewards. Richard Branson's Virgin Atlantic is among the latest to take advantage*

The recent launch of Nigeria's new flag carrier, Virgin Nigeria, has raised hopes that other high-flying international companies will take a closer look at what the country has to offer as a destination for foreign investment. The airline, a joint venture by Nigerian institutional investors and Sir Richard Branson's Virgin Atlantic, commenced operations with its inaugural flight to London in June. "They intend to make Nigeria one of the control centres, so we are looking at billions of US dollars in terms of how the investment is going to benefit Nigeria," says Mustafa Bello, Executive Secretary and Chief Executive Officer of the Nigerian Investment Promotion Commission (NIPC).

With its abundant human and mineral resources, sound macroeconomic climate, vast domestic market, and excellent trade links with the rest of West Africa, Nigeria offers one of the highest rates of investment returns in the emerging markets, presently estimated at 30 per cent. The other side of the coin is that Nigeria has been perceived abroad as a high-risk country with a challenging business environment, but that perception has been changing. Oil and mining have placed Nigeria among Africa's leading recipients of FDI and opportunities still exist in these sectors. However, the authorities are eager to encourage the spread of foreign capital to other areas of the economy, ranging from agriculture, energy, infrastructure and manufacturing to telecommunications, tourism and transport.

Against a background of deregulation, liberalisation and privatisation of state enterprises, determined efforts are being made to make Nigeria more investor-friendly, reduce bureaucracy and combat corruption. And the evidence is that Nigeria's image is changing. In July, for example, another British company, Globe Commodities, concluded a deal to begin an integrated large-scale production of palm oil in the country with an immediate investment of \$150 million (£83 million), which is expected to rise to \$1.5 billion (£835 million) over the next ten years. Major investments of this kind make it easier for the NIPC to put across the message that Nigeria offers



MUSTAFA BELLO  
EXECUTIVE SECRETARY AND CEO OF NIPC

**'In addition to the incentives, the operating environment is friendly'**

an opportunity for investors to target a brand new, untapped and highly lucrative market. "We have a population of 140 million, so if you are looking for the market, we have it," says Engr Bello. "Why squeeze yourself into a competitive market where the margin is 4 to 5 per cent? Why not come to an environment where the margin is between 40 to 50 per cent, even though the cost of production is a bit high? In addition to the incentives that the government offers, perhaps you'll find that the operating environment is even friendlier than where you are."

As head of the NIPC, Mustafa Bello is carrying out a policy aimed at decentralising the flow of investment directly to the federal states. "I have visited 13 states and met the governors, the commissioners of commerce and industry as well as the investment agencies. We have designed a training programme for the staff of these agencies to build their capacity. Our objective is that they become our representatives throughout the country."

The UK is among the largest investors in its one-time colony, with assets totalling more than £1 billion. British companies already present in Nigeria include Shell in the oil and gas sector, British-American Tobacco, British Airways, Cadbury, GlaxoSmithKline, Guinness and Unilever. Julius Bala, former Director General of the Bureau of Public Enterprises (BPE), is optimistic that the high profile given to Africa by Tony Blair will encourage new interest

from British firms as Nigeria steps up the pace of privatisation. "We hope that with the new posture of Prime Minister Blair on relationships with Africa, we will see major efforts by British companies to invest in Nigeria," he says. "We hope British companies participate in the major privatisation initiative in the next months ahead."

Together with the World Bank the British government has given financial support to Nigeria's privatisation programme through the Department for International Development (DFID). Over the last six years Nigeria has realised a net income of about N39 billion (£163 million) from the sale of public enterprises. Major elements of the privatisation programme scheduled for this year include the unbundling of the national electric power authority, Nepa, and the sale of the state's 51 per cent share in the national telephone company, Nitel.

Other enterprises on the list include National Insurance Corporation, the Federal Airports Authority and motor vehicle manufacturers Volkswagen and Leyland, in addition to hotels, palm oil companies, paper mills and ports. ■

## Reasons to invest

- Second largest economy in sub-Saharan Africa
- Sound and stable macroeconomic climate
- Improved governance
- Consumer market of 140 million
- Potentially the hub of West Africa
- Good trade links with the rest of West Africa, providing access to a regional market of 250 million
- Wealth of unexploited natural resources
- Well-educated workforce
- Ongoing deregulation and liberalization

## Sectors offering opportunities

- Oil and gas • Agriculture • Energy • Financial Services • Infrastructure • Manufacturing • Telecoms • Tourism • Transport

Website: [www.nipc-nigeria.org](http://www.nipc-nigeria.org)

# An ideal venue for top level meetings

Nigeria has emerged as one of Africa's most important centres for international conferences and business tourism. Abuja boasts an international conference centre and regularly hosts high-profile meetings of leaders of the Commonwealth, the Economic Community of West African States (Ecowas), the African Union and Nepad, while Lagos and Port-Harcourt are regularly used as venues for meetings, seminars and events.

Andre Herrenschmidt, General Manager of the capital's Nicon Hilton, believes Abuja is an ideal international conference destination and that if it had more hotels it would attract even more business. "The more hotels Abuja has, the more ability it will have to attract conferences and the more successful the city will be," he says.

The Nicon Hilton Hotel hosts numerous premier corporate and government events, and is the choice of accommodation for many of the world's visiting business and political leaders, including George Bush in 2003.

A five-star, 670-room hotel, located in landscaped gardens in Abuja's central business area, the Nicon Hilton has developed an image of superiority in terms of comfort, facilities and services, and has the unusual distinction of boasting forty presidential suites in which to accommodate its most distinguished guests.

"It is probably the only hotel in the world that regularly has more than 40 heads of state staying at the same time," says Andre Herrenschmidt, who was appointed General Manager in February. "The last time was for the AU summit when we had 40 heads of state and Kofi Annan.

"Key decision makers from all over the world come to Abuja because they know that they can network here and meet the entourage of the heads of state at our hotel," he adds. "This is why I believe there is a great potential here because you get such high-profile meetings."

Built in 1987, the hotel has from the beginning been 100 per cent owned by

the Nigerian government through its insurance company Nicon Insurance Corporation. Now, along with its parent company, it is undergoing privatisation and the search for a core investor.

Nicon Hilton recently embarked on a complete refurbishment at a cost of \$40 million (£22 million). Every aspect of the hotel has been upgraded in a bid to gain a bigger share of the corporate tourism market. The hotel's congress hall has been given state-of-the-art facilities to raise it to world-class standard.

"The fact that we are doing this shows the confidence we have in the future. The aim is to position ourselves as the leading hotel in West Africa," says Mr Herrenschmidt. ■

Website: [www.hilton.com](http://www.hilton.com)



The Nicon Hilton in Abuja has been undergoing a \$40 million (£22 million) upgrade.

## Record turnover for flexible firm

The international Leventis Group traces its presence in Nigeria back to the early 1920s when its founder, Cypriot-born Anastasios G. Leventis, set up an import export business. The group's sustained confidence in the country is reflected today in the hugely diverse activities of its operations in Nigeria, which make it one of the biggest companies in West Africa.

The Leventis Group in Nigeria is a hugely diverse conglomerate consisting of A.G. Leventis (Nigeria), the Nigerian Bottling Company, Frigoglass Industries (Nigeria) and Consolidated Breweries.

The A.G. Leventis Group (Nigeria) was incorporated under its present name as a limited liability company in 1958, converting to a public company in 1978. Its principal activities include sale and servicing of cars, commercial vehicles, agricultural and construction equipment and property letting.

Managing Director Andreas Loucas says Leventis's long history of business in the country has been characterised by strong commitment and flexibility. "We always look out for opportunities and changing trends and try to adapt to them and make

the most of them."

He believes that, despite the tough business environment, Nigeria offers big potential to investors who are prepared to stay the course. "Most of the companies that have been here over the last 20 years have

seen handsome growth," he observes.

A.G. Leventis (Nigeria) saw improved results last year, following a reorganisation. Turnover was N6.1 billion (£25.8 million), as against N5.6 billion (£23.7 million) in

*Continued on page 8*



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Fisheries Services Co. Ltd.  
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Lafia Hotel Ltd.  
Lagos Airport Hotel Ltd.  
Odu'a Printing & Publishing Co. Ltd.  
Premier Hotel Ltd.  
Wemabod Estates Ltd.  
Odu'a Farms and Services Ltd. (Odu'afas)  
Odu'a Telecoms Ltd. (Odu'atel)  
Odu'a Textiles Industries Ltd.

and over forty associated and sundry companies in partnership with multinationals.



ANDRE HERRENSCHMIDT  
GENERAL MANAGER OF THE NICON HILTON

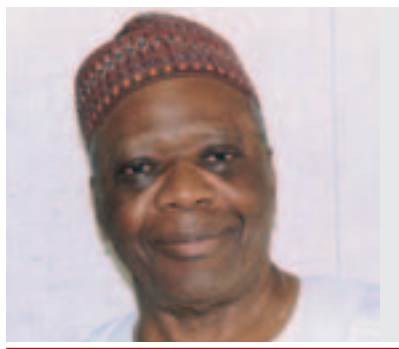
**'The fact that we are doing this shows the confidence we have in the future'**



ANDREAS LOUCAS  
MANAGING DIRECTOR OF AG LEVENTIS NIGERIA

**'We always look out for opportunities and changing trends'**

## INVESTMENT



BASHORUN ADESANYA  
CHAIRMAN OF NIGERIAN BOTTLING COMPANY

**'We believe in the future of Nigeria. That's why we keep investing'**

*Continued from page 7*

2003, while profit after tax and minority interest stood at N242.3 million (£1 million), compared with N131.5 million (£556,000).

The Nigerian Bottling Company (NBC) is the sole manufacturer and distributor of Coca-Cola, Sprite and Fanta soft drinks in Nigeria, where it has been operating since 1951. NBC is the largest employer of labour outside the non-oil sector of the Nigerian economy with 16 production plants, 86 depots and 200,000 distribution depots across the country.

The company has taken giant strides since 2000, this year recording a record turnover for 2004 of N47.5 billion (£200

million), as against N43.9 billion (£185 million) in 2003.

Bashorun Adesanya, NBC's Executive Chairman, affirms the Leventis Group's confidence in the country. "Leventis Group believes very much in the future of Nigeria," he says. "That is why we keep investing and re-investing in whatever we are doing. We believe that the future is bright and, as such, we can confidently say to other investors who have not experienced Nigeria before, to please come over."

### Foundation targets agriculture

The Nigerian branch of the A.G. Leventis Foundation, which supports educational, cultural and philanthropic causes, was established in 1988.

The Foundation's main focus in West Africa is the training of young farmers in modern agricultural methods, for which purpose it has established five agricultural schools in Nigeria and Ghana. Around 300 students are offered one-year courses annually. "At the end, we give them a soft loan to get started," explains Mr Adesanya. "The multiplier effects are tremendous because these people go back to their respective areas to lecture and spread the gospel to their neighbours." ■

# Planning for a 'quantum leap' in profitability



IYABODE APAMPA  
CHAIRMAN OF ODU'A INVESTMENT

**'In three years, we hope to be able to compete with any company in Nigeria'**



ADEBAYO K. JIMOH  
GROUP MD OF ODU'A INVESTMENT

**'Our vision is to multiply the effect into the growth of the whole country'**



## LEVENTIS GROUP NIGERIA: INVESTING FOR THE FUTURE

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For almost 30 years Odu'a Investment Company has been successfully investing and reinvesting in Nigerian enterprises, and today is one of the leading indigenous conglomerates in West Africa.

Now the company is restructuring to meet new challenges and is seeking to divest majority shares in its diverse range of businesses to core investors.

Odu'a Investment was founded, and is still owned, by the state governments of Ekiti, Ogun, Ondo, Osun and Oyo, and as such stands as a leader in the economic and social development of the southwestern (Yoruba) states of Nigeria.

Although it came into being as a holding company in 1976, virtually all its

### Indigenous firm seeks new funds to diversify and expand its operations

subsidiaries and associated companies rank among the oldest industrial and commercial enterprises in Nigeria. Included among them are leading enterprises like National Bank of Nigeria, Lagos Airport Hotel, West African Portland Cement, Nigerite, Great Nigeria Insurance Company and Odu'atel (see page 15).

The company has some 16 direct subsidiaries and numerous associated companies, minor holdings and sundry

holdings representing investments that cover a wide spectrum of economic activities from textile mills, real estate, breweries, commercial banking, insurance to manufacturing, hospitality, farms, printing, telecommunications and even oil and gas.

Last year the board of the company committed itself to a repositioning programme in which the entire portfolio was reviewed. The objective of the subsequent four-year rolling plan is to achieve a quantum leap in Odu'a Investment's profitability by reducing its holding in some companies and undertaking fresh investment in new, high growth sectors and businesses.

Chairman Iyabode Apampa explains that the objective is to take the company to new heights. "One of the ways we can do this is to restructure to meet modern challenges especially in the area of technology, telecommunications and so on. Our hope is that in another three years, Odu'a will be able to compete with any company in Nigeria.

"Our aim is to diversify," adds Mrs Apampa. "We need expansion, and we cannot expand without funds. That is why we have started initial public offerings in many of our subsidiaries. We want to retain 40 per cent in all the companies we have."

Adebayo Jimoh, Group Managing Director, highlights the broader perspective. "This company has stakes in every aspect of the economy. Our vision is to help drive the economy of this part of the country, and to multiply that effect into the growth of the whole of Nigeria." ■



# Scenic state focuses on tourism

*Attracting visitors is a pillar of the strategy transforming the economy of the state known as 'Nigeria in miniature'*

**B**eautiful scenery, a rich cultural and historical heritage and excellent weather give Plateau State strong potential as a destination for tourism and recreation. With spectacular rock formations to climb, peaceful spots to picnic in, lakes for swimming, and a wide variety of wildlife to see there is plenty to attract both visitors and investors.

Located in the middle of the country, Plateau State derives its name from the Jos Plateau, which features a picturesque landscape with spectacular natural wonders such as the rugged Shere Hills, the dome-shaped Wase Rock, the Asop and

**Abundant agricultural and mineral resources offer opportunities for investment**

Kura falls, and Lake Pudong, a crater lake created by a volcano.

"Plateau State is right at the centre of Nigeria and you can link to our tourist sites from any part of the country," points out State Governor Joshua Dariye.

His administration is fully alive to the possibilities that tourism offers and has given it the prime place in its development programme. The private sector is seen as playing the key role and there are investment opportunities in the development of sites, accommodation and pack-

age deals. "Tourism is better sustained when it is private sector-led, rather than public sector-led," Mr Dariye observes.

Home to around 50 ethnic groups, Plateau State is 'Nigeria in miniature', boasting a variety of festivals, languages and traditions, and cultural tourism is one area the authorities are eager to encourage. Sports tourism is another, particularly golf and polo, and there are attempts to revive horse racing.

Jos, the state capital and an important commercial centre with road, rail and air links to the rest of the country, is being promoted with some success as a venue for conference tourism. "We have the highest concentration of hotels in the country, outside of Lagos, Port Harcourt and Kano," says the Governor.

Approximately 16,000 square miles in area, Plateau State was established in 1976, but acquired its present boundaries in 1996. The current administration's State Economic Empowerment and Development Strategy (SEEDS) is aimed at promoting economic growth and improved governance, providing for the social needs of the people and combating poverty.

"Our vision is the reengineering of the state to leave it better than we found it," says Mr Dariye. "Our focus is on trying to create harmony and change in our social lives and our investment culture. Given the abundant potential that we are blessed with, there is nothing to stop us."

Reforms introduced by the state government include initiatives to promote the rights of children and women and to improve life for the physically handicapped.

Education provision has been expanded with the construction and renovation of schools and classrooms, additional learning materials and extra training and salary improvements for teachers. Three new further education institutions have been established: Plateau State University, a College of Agriculture, and a College of Arts Science and



JOSHUA DARIYE  
GOVERNOR OF PLATEAU STATE

**'We are reengineering the state to leave it better than we found it'**

Remedial Studies.

Delivery of healthcare services has also been receiving attention. New hospitals have been built and existing facilities rehabilitated, and training of healthcare personnel has been stepped up.

In addition to tourism, other sectors offer encouraging prospects for development, and efforts by the authorities to attract investment – including promises of tax cuts, land, accessible roads, good security and other incentives – are starting to pay off. "Banks and major financial institutions are coming into the state, and a number of companies from the United States and UK have indicated interest to come and work here," says the Governor.

Abundant agricultural and mineral resources provide the state with a solid base for industrialisation, creating opportunities in activities such as food processing, and production of beer and beverages and milk products.

The administration is acting to improve the living standards of the state's farmers through an agricultural development programme, and has been encouraging mass production and processing of root and tuber crops such as cassava, Irish potatoes, sweet potatoes, yams and cocoyam. Coffee growing is seen as highly promising after the discovery that conditions are ideal for growing Arabica beans, and there are plans for construction of a coffee export village.

When the Bokkos Fertiliser Blending Plant, built at a cost of N534 million (£2.1 million), is fully operational it will give a huge boost to farming by providing cheap fertiliser at the farmers' doorsteps.

Plateau State is blessed with commercial quantities of minerals such as barite, kaolin, phosphate and others. "We have quite a number of big and small companies that are mining kaolin," says Mr Dariye. "We are also going into the area of precious stones. Because of the cost of labour here, the cost of cutting and polishing stones would be cheaper than anywhere else."

Funding of rural electrification and development of the roads network by the administration have made important contributions to economic and social advance, but there are still opportunities for investment in infrastructure development, particularly in the areas of transport and communications.

The state government has also been looking into ways of widening the commercial horizons of Jos. Land has been provided for the Jos Inland Container Port, with a N50 million (£212,000) share investment by the administration, and consummation of the project is seen as one of the most important tasks ahead. ■

## REGIONAL INVESTMENT: BAUCHI STATE

*Bauchi State is regarded as a model in its commitment to the Nepad ideals of poverty eradication and wealth creation*

**W**hen the present administration in Nigeria's Bauchi State took office in 1999, only 47 of the towns and villages had electric light. Today, most of the state's communities – more than 600 – are covered with streetlights, and more than 1,000 will be connected to the national grid within the next two years.

Rural electrification is just one of a number of areas in which life has improved for the people of Bauchi State under the present state administration, led by Governor Ahmadu Adamu Mu'azu. With its commitment to good governance, accountability, transparency and the improvement of the welfare of

# Ready for growth

the people, Bauchi State is widely regarded as a reference model in its commitment to the Nepad ideals of poverty eradication, wealth creation and regional cooperation.

One of the largest of Nigeria's 36 states in terms of landmass, Bauchi State extends over an area of 19,000 square miles in the north-east part of the country. It was established as an individual administrative entity in 1976, but assumed its present figure-eight shape when another state was created out of it

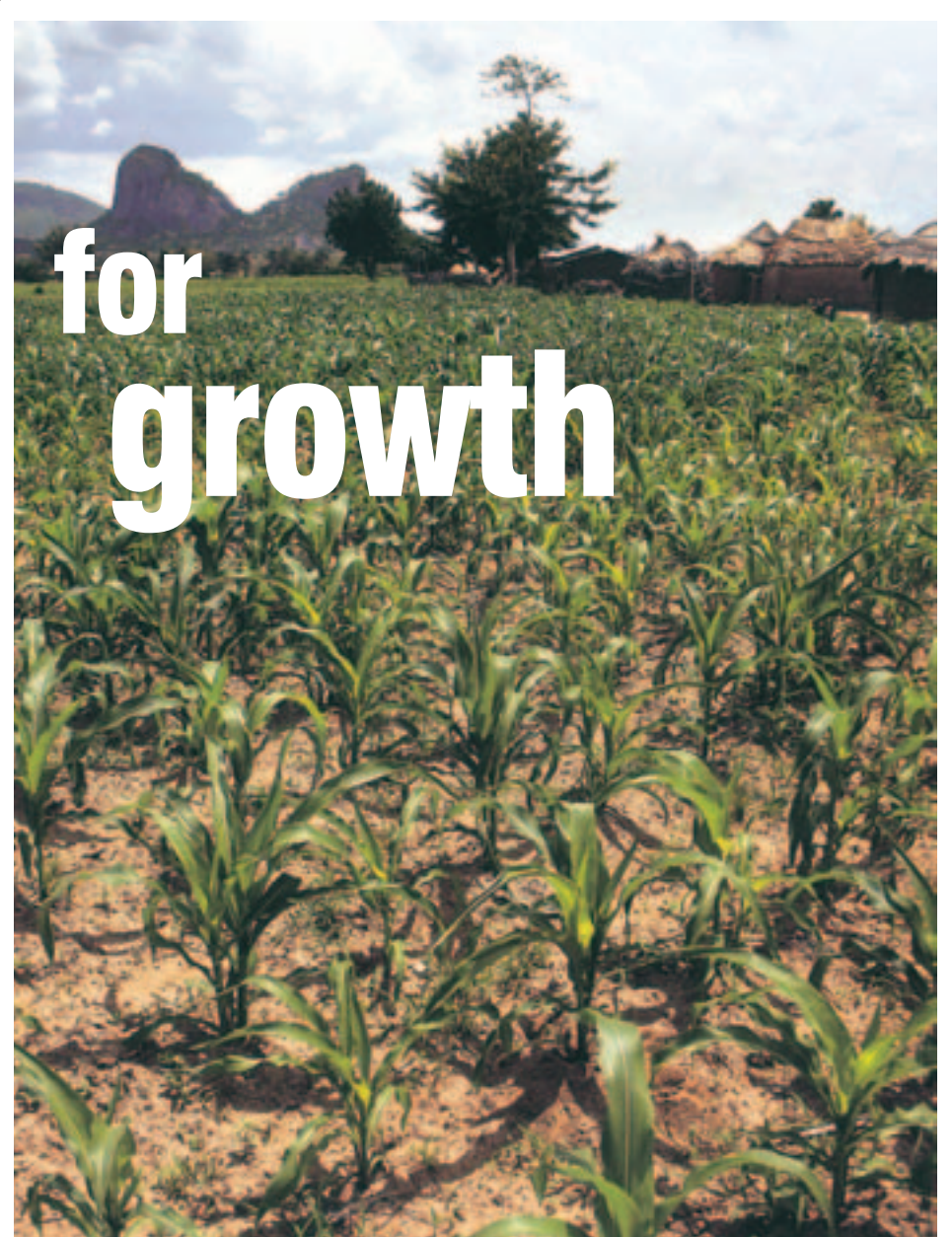
**New hospitals have been built, old ones renovated and buses have been provided**

in 1996. Today, Bauchi State has a population of about 4.8 million.

A number of sectors offer potential for development and the administration is keen to attract private investment. "We have resolved to partner with the private sector to reinvigorate the economy of the state," says the Governor.

High on the list is tourism. Bauchi State has a number of potential visitor attractions, including natural and historical sites, and a richly varied cultural heritage. It is also home to Yankari National Park, Nigeria's foremost wildlife area (see panel below).

The state possesses abundant mineral



resources, ranging from uranium, copper and zinc to semi-precious stones, largely untouched and awaiting exploitation. A number of state-owned industries have been resuscitated, and the administration is encouraging investment in agro-based activities and other forms of industry.

There is vast agricultural potential, with a fertile soil for producing maize, rice, millet, sorghum and wheat. Some of the most

notable growth areas have been in farming, where the state has been supported by the World Bank in the Fadama II project. Large-scale farming has been encouraged by state subsidies on fertilisers, the provision of tractors and the introduction of new techniques.

The state has been paving the way for development with the construction of major inter-town highways, township roads and bridges.



A richly varied cultural heritage

## Wildlife paradise awaits visitors to Yankari National Park

□ One of Nigeria's premier visitor attractions, Yankari National Park places Bauchi State at the centre of the country's ambitions to build a national tourism industry.

Situated to the south of Bauchi town, the park covers an area of more than 800 square miles and is host to more than 50 species of wild animals, including elephants, baboons, lions, buffalo, waterbucks and antelopes. Endangered species such as leopard, cheetah, rhino, giraffe and ostrich are to be found there, as well as a variety of species of birds and fish.

Another of the park's attractions is Wiki Warm Springs, which provides cool, clear natural swimming facilities and is visited by baboons and elephants, who often come down to the water.

Bauchi State has pursued a vigorous campaign to take over the running of the park from the federal government in order to rehabilitate and transform it and earlier this year President Obasanjo directed the Federal Ministry of Environment to formally hand it over – a move awaiting the passing of a bill in the National Senate at the time of writing.

The state authorities have drawn up a masterplan to develop the park that includes a 5-star hotel and other facilities, and improving the general ecological condition of the park and the welfare of the animals.

Much of this development will involve the private sector, both domestic and foreign investors. The cost of upgrading the park is put at more than N12 billion (£50 million).



Leopards are among more than 50 species of wild animals in the national park.

# INTERVIEW Ahmadu Adamu Mu'azu Governor of Bauchi State

**What are the objectives of the reform programme that your administration has been pursuing since you became Governor six years ago?**

When I came on board, Bauchi State was one of the poorest states in the country. The infrastructure of the state was very bad. Areas in which we encountered problems included economic growth, education, health care delivery, the infant mortality rate and so on.

These were some of the things that we needed to look at very critically. We introduced programmes to fight poverty. Indeed, we were the first state in Nigeria to make a law on alleviating poverty in our society.

We want to prove that good governance brings good results. I want to entrench quality education, world-class infrastructure in terms of rural roads, rural electrification and water, developed agriculture and health care delivery. The results are clearly manifesting themselves already.

**What have you been able to achieve in areas such as education and health?**

To give you an example, when I became Governor in 1999, I found only four students from the state who had five credits and above and thereby qualified to go to University, out of the whole of 83 secondary schools in Bauchi State. Last year, when the results came out we had 7,465 secondary school students ready for higher education. This is the type of measure we use to gauge



our success.

We have been able to do a lot for preventive health care simply by providing infrastructure such as good drainage and roads. For example, we have been able to cut the menace of malaria in the state by more than 80 per cent.

When we started, there was also river blindness disease in the state. The cause of this disease is insufficient good and potable water. We have been able to eradicate that. We have also been able to bring levels of poliomyelitis down to the minimum.

We have renovated and reconstructed hospitals, particularly our specialist hospitals. We have built more than 10 new hospitals and are about to commission more. Generally, the various indices that I mentioned before, like the infant mortality rate, have been reduced significantly.

**How beneficial do you expect the World Bank funded FADAMA II project to be?**

This is the first programme that has been tailor-made to our state's needs. It is not designed and programmed in Washington or in Abuja. It was developed in total consultation, not only by the government of Bauchi, but also

with the end users. The various cooperative unions, the farmers, were consulted as to their specific problems, needs and the likely solutions they expected. So this is a tailor-made programme.

**What are your thoughts on Nepad and the role of non-African countries in aiding Africa's development?**

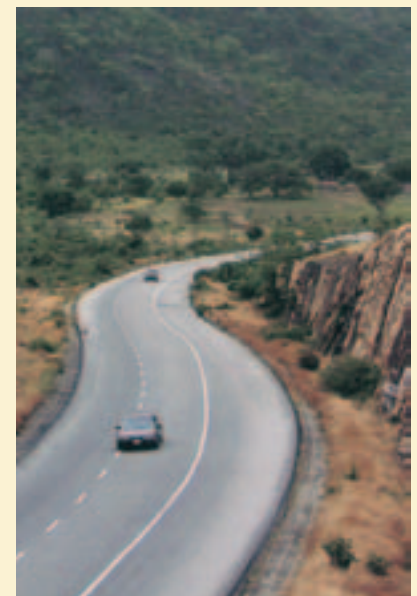
The need for cooperation, for Nepad and pan-African programmes is more than desirable now, especially at this point in time when the world is globalising.

It is very clear that we need the assistance of the other continents, the Americas, Europe and Asia. They recognise the need for them to help us fight polio, malaria, HIV/AIDS and poverty. We must thank the G8, Paris and London clubs and other members of the donor nations that have graciously written off a substantial part of Africa's debt.

However, this is not enough. They need to do much more. They need to demonstrate additional confidence in Africa through foreign direct investment. They need to see Africa as a virgin land that offers great potential for investors.

**Are foreign investors coming to invest in Bauchi State?**

Before I assumed the leadership of the state, we could count on our fingertips the number of foreigners that were doing business here, but today, there are a lot of them. We have Lebanese, Indians, and Europeans living and working here and the numbers are growing.



More than 40 towns and villages are linked by the modern road network.



Bauchi's fertile soil is ideal for large-scale farming.

The administration has also done much to promote the social needs of the state. Notable improvements have been achieved in areas such as education and health, and the state was the first to pass a bill on poverty eradication. The World Bank has made a major contribution, adding \$5 million (£2.7 million) to the \$2 million (£2.7 million) contributed by the state to urban upgrading initiatives, community-based projects and health systems development.

Thousands of new classrooms have been built and there have been major increases in primary school enrolment and the numbers of pupils qualifying for higher education. Health infrastructure has been expanded considerably. New general hospitals have been built, others have been renovated and shuttle buses have been provided. The administration has launched major campaigns to prevent diseases such as polio, malaria and HIV, which include the distribution of free medication.

Action has also been taken to address the shortage of potable water. New boreholes have been constructed, old ones have been rehabilitated and more than 500 communities provided for. ■



Lush vegetation at Wikki Warm Springs



New classrooms mean more children are getting a primary school education.

# Still plenty of potential as boom

*The Nigerian telecommunications market has seen explosive growth, producing some of the highest mobile phone customer revenues in Africa, but there's plenty of room for more investment*

In just four years, Nigeria has gone from being one of the most under-served telecommunications markets in Africa to one of the fastest growing in the world. Liberalisation and the introduction of GSM and fixed wireless services unleashed a wave of investment and the pace shows no sign of slowing. Teledensity has been expanding at a rate of more than 100 per cent per annum, while competition has cut the cost of calls and improved the quality of services. Nigeria has become the second-largest mobile market in Africa after South Africa, with four licensed GSM operators. Growth in subscriber lines has been astronomical, rising from about 450,000 to over 14 million in less than four years. According to the Ministry of Communication, foreign direct investment in this sector increased from \$50 million (£28 million) in 1999 to \$8 billion (£4.4 billion) by May 2005.

For 2004/2005, GSM market leader MTN Nigeria posted a pre-tax earning of N65 billion (£275 million) on revenue of N199 bil-

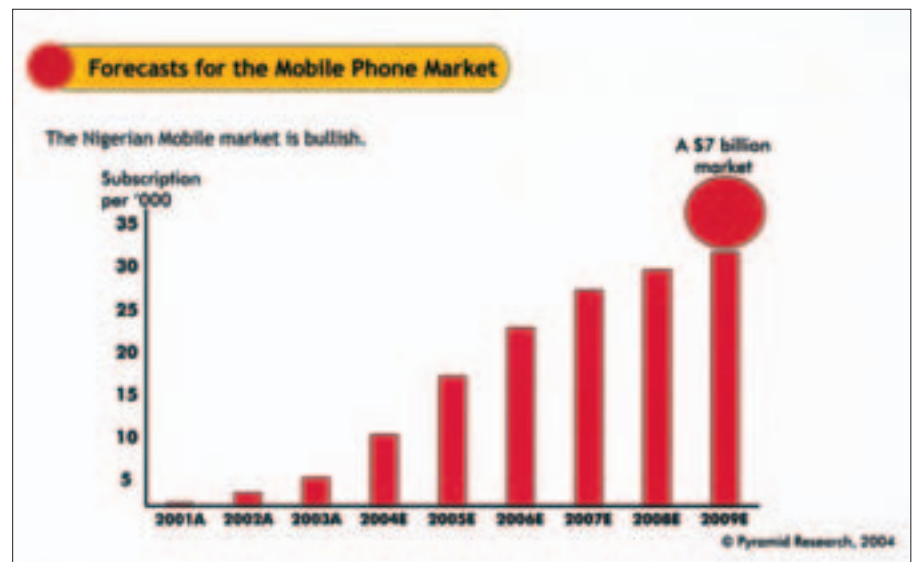
lion (£841 million). Over the same period, MTN's subscriber base increased by 123 per cent and it completed a capital investment of over N118 billion (£500 million). The company currently has around 4 million active subscribers on its network. Sharing the spoils with MTN are Vmobile, Glomobile, the mobile arm of Globacom, Nigeria's second national operator, and Mtel, the mobile arm of national carrier Nitel, which is awaiting privatisation. The government has formalised a shortlist of six bidders for a 51 per cent stake in Nitel and Mtel. The short listed bidders are a Telkom/Vodacom consortium, Huawei/Jacuz consortium, MTN, Orascom, Celtel and Newtel. "We have been able to attract investors to the market and ensure transparency and integrity to the highest possible standards", comments Ernest Ndukwe, Executive Vice Chairman and Chief Executive Officer of the Nigerian Communications Commission, which is responsible for regulating the sector. "The creation of a stable investment climate and clear regulation has enabled us to win the

confidence of both investors and consumers."

The huge investment potential that still exists in Nigeria's GSM market is highlighted by the recent battle for a controlling stake in Vmobile, which provoked a bidding contest between Vodacom and Virgin. The two companies have since decided to make a joint bid. British companies have been slow to show an interest in the Nigerian market so far, but that may be starting to change. In January, the UK-based private equity investor Actis and the AIG African Infrastructure Fund (AAIF) invested



ERNEST NDUKWE  
EXECUTIVE VICE-CHAIRMAN AND CEO OF NCC  
**'We need to raise the teledensity of the country by 30 percent'**



When you want to talk, you want nationwide coverage. When you want to talk, you want value for money. When you want to talk, you want access to any network. When you want to talk, you want a clear voice. That's why it's time to get talking with Mtel.

**mtel**  
talk the talk

## Nitel working to develop network before privatisation

□ As it awaits privatisation, Nigerian Telecommunications Limited (Nitel) is striving to meet a series of challenges, according to its Chief Executive Officer Albert Mashi.

"We cannot afford to sit down and wait for a core investor to arrive," he says. "We need to continue to work, expand and do whatever is necessary to stabilise the network. We also need to expand where it is necessary and where the market is available."

Nitel's transmission facilities are used by almost all the operators in the country. The major challenge is to open up more bandwidth for more connection.

"As a carrier, our biggest business is in the area of bringing capacity to the transmission system, and we have been focusing on this," says Mr Mashi.

"We have plans for the creation of a transmission backbone using fibre, which will be extended in rings all over the

country. Once this project is completed, it will bring huge advantages to the whole market. There will be no need for small companies to build their own transmission network, they can just buy capacity from us.

"Whoever invests in Nitel will find that this project has started and is linking the country up properly before other competitors have even entered the market.

"Another challenge is to grow the network by increasing the number of lines," says the Nitel chief. "The strategy we are adopting here is to use CDMA technology, which can be deployed quickly once we have it because we have infrastructure on the ground. We believe that this is another way we can add value to Nitel before a core investor comes in."

Established in 1985 and until 2002 the sole national carrier, the Nitel brand inspires confidence among Nigerians, says Mr Mashi.

# runs on

US\$43.2 million (£24 million) to acquire a major stake in Starcomms, Nigeria's leading fixed wireless telecom operator.

Despite the massive increase in subscriber lines, Nigeria's huge population means that market demand is still running way ahead of supply. "There is plenty of room for more investment," adds Engr Ndukwe. "With a teledensity at the moment of around 8 per cent, Nigeria is still far from being at the comfort zone. It needs to be raised to at least 30 per cent to enable most Nigerian citizens to have good access."

Plans to accelerate development of a national backbone infrastructure are being finalised. Wire Nigeria, known as the WiN Project, will be aimed at expanding the transmission network across the length and breadth of the country. "We need a lot more investment in the backbone infrastructure," says Engr Ndukwe. "We've come up with a regional backbone project cable the whole country in the shortest possible time. No place should be more than 30 miles from the backbone infrastructure, so that all the hinterlands can be connected with the hope of boosting commerce and trade in those places." When the project is completed it will be used as a platform for extending the infrastructure into the whole of West Africa.

ICT is an important element in President Obasanjo's reform agenda. "The President requires us to ensure that ICT facilities are extended to all citizens," says Engr Ndukwe. "We are looking at developing e-Government, so that our education institutions are properly linked up with international communities and health institutions, and that businessmen in Nigeria have enough capacity to do their business." ■



ALBERT MASHI  
CHIEF EXECUTIVE OFFICER OF NITEL

**'Privatisation is just a change in style that will make us more efficient'**

.....

"If Nitel is able to reach everywhere, they would prefer to use it because they see it as a national asset. Even if it is privatised the name itself is worth something. Privatisation is just a change in style that will make the company more efficient."

## Creativity is the passport to growth says Mtel

A successful relaunch has transformed the fortunes of mobile phone operator Mtel, the mobile arm of state-run Nitel. Since rebranding, the company has seen a rapid increase in its subscriber base and has ambitious plans for the future.

"We have to maintain and grow our market share," says Chief Executive Officer Edwin Moore Momife. "At the moment we hold 11 per cent of the GSM market in Nigeria. We want to see that increase to about 15 per cent, which will have a significant impact on our finances, our infrastructure, our network capability, our people and our customer expectation."

Mr Momife expects the company to achieve significant revenue growth. "If you look at our business in 2003 we were a N3.3 billion (£14 million) turnover company. In 2004, we had a N16 billion (£68 million) turnover, which shows significant growth. If you look at 2005 we are looking at closer to N35 billion (£148 million) towards the end of the year."

Mtel, which recently announced its intention to upgrade its 2.5G network to 3G, aims to expand its subscriber base from the present 1.2 million to 6 million through product and service technology, network expansion and niche market development.

According to Mr Momife, creativity and innovation will be keys to making this happen. "The route that we are taking is to find niches, areas not being tapped adequately, opportunities not being leveraged properly. There is a whole lot coming down the line from Mtel in terms of publicity and creating products."

The only one of the GSM firms that is wholly managed by Nigerians, Mtel has been undertaking a brand promotion exercise across the country.

"In our market, some of the operators have been very audible and very visible, and that has created a challenge for us in the sense that we have to deliver a similar impact," says Mr Momife. "Mtel has rebranded. The Mtel brand you see today is superior to the one that was there before. We'll continue to get better and build upon the strong appeal we already

have to the Nigerian people.

"There is a tendency for Nigerian people, in spite of the challenges, to still want Mtel to do well because they see it as their own. We are leveraging that. We are leveraging even more to synchronise the aspiration of the Nigerian people with our aspiration for growth."

The company has been expanding its network to extend mobile telephone coverage to all 776 local government areas in Nigeria, and has worked with Ericsson, Motorola, Huawei and ZTE to deploy GPRS-based broadband data and content services.

"This development is particularly exciting as it will not only have direct benefits for the customer, but will establish the Mtel network as a marketplace for leading social and international content providers to profitably render services."

As part of Nitel, Mtel faces privatisation. Mr Momife welcomes it as a positive step. "It's a great opportunity for Mtel. We are going to have the know-how, wider capital base and some brand enhancement, if not a total re-brand. All these are things that will help the company.

"Internally it is also an opportunity for some of our people to work with some of the greatest companies in mobile telephony in the world. There will be a lot of learning and money transfer.

"Nigeria as a whole will benefit



EDWIN MOORE MOMIFE  
CHIEF EXECUTIVE OFFICER OF MTEL

**'We will continue to get better and build upon our appeal to the people'**

.....

because if we are a dynamic growing mobile operator, able to take on the bigger three that are ahead of us, the market will be the better for it. There will be more employment, more revenue for government because more taxes will be paid, and there will be better services for customers." ■

Website: [www.mtelnigeria.com](http://www.mtelnigeria.com)



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# Vmobile aims for a bigger share with \$2bn expansion

## INTERVIEW WILLEM SWART, MANAGING DIRECTOR and CEO

*With more than 3 million subscribers, a joint investment plan being prepared with Vodacom and Virgin and a major expansion of its network under way, these are exciting times for Vmobile*

What progress is being made with expanding your subscriber base and, in particular, with Project Rose, the huge investment Vmobile is making to expand its network nationwide?

We have been able to increase our network substantially. Within 12 months, we were able to double the size of the network and increase the subscriber base from 1.1 million to 3 million subscribers.

Project Rose is expected to span a period of 24 months. The objective is to invest \$2 billion and to roll out a total of 3,000 base stations. The network capacity of all the projects, including the switch-

ing transmission, will be enough to provide for 14 million subscribers by 2007.

Hundreds of base stations are being built by our contractors all over the country. When it is completed, we will be able to compete with the market leader, MTN, and capture a much greater share of the market.

Tell us about your commitment to making Vmobile a truly Nigerian company.

Our whole culture is that Nigerians own the company, that is the way we see it here. In Nigeria, there are excess skills, but not the experience and the specific



technical skills required, so we are going through an extended and comprehensive training programme at all levels in the company. We also have a lot of in-house training on the job.

When I took over, we had to recruit management staff because there was no adequate Nigerian management in place, but today we have recruited about 280 Nigerians into the management cadre. My aim is to put a management in place that will be able to surpass any operator in the country.

On our supply side, we try to use Nigerian contractors to do most of the work for us. People go to train in the United States, Ireland and some other European nations. Where we do use international firms, we still rely on local people to provide assistance for them.

In the last four years, Vmobile has built a reputation for the latest product and service innovations. What are the most recent developments?

We installed GPRS technology in our services in the last 6 months. We are launching products based on this technology in commercial quantity in Lagos and will go on to launch it throughout Nigeria.

Obviously, all the GSM companies here are looking forward to 3G technology. We are planning to start a test run of the facilities in the next few months, and as soon as our technicians signal its readiness for use we will roll out our services. Our effort in Nigeria is not only to provide GSM telephony, but help increase the infrastructure base of this huge market in the continent.

Can you comment on the prospect of a joint investment plan with Vodacom and Virgin?

We already have a lot of technical know-how and product technology, so in this sense we offer a new investor a much easier market entry than if they were to start completely on their own. International brands add value and, as such, the ability to launch our products through an international brand would def-

initely bring large competitive advantages.

Can you tell us something about the range of social responsibility initiatives that Vmobile is involved in?

We believe we should do things that have direct impact on the lives of the people of Nigeria. Currently we have a programme that is developing 120 bore hole water tanks, which is one of our major projects.

**'Our whole culture is that Nigerians own the company – that is the way we see it'**

We are running an AIDS awareness campaign and we are also collaborating with government on the National Program on Immunisation (NPI). Of course we also make many other small donations to orphanages, schools, the less privileged and health institutions.

With our sports sponsorship, we try to increase the development of sports in Nigeria. Sport, and especially football, is a powerful weapon for unity in Nigeria.

Among other benefits, telecommunications helps to give life to the economic base of the area where it is launched. GSM has removed a lot of the transport requirements of the people; instead of driving or moving from place to place to communicate they are now immediately connected. On a micro level, as you roll out coverage it makes a huge difference to the lives of the people. ■

Website: [www.vmobile-nigeria.com](http://www.vmobile-nigeria.com)

**PROJECT R.O.S.E.**  
Rolling Out Service Everywhere

Project R.O.S.E is an ongoing Vmobile initiative to invest **2 Billion US Dollars** to build **3000 base stations** across Nigeria, connecting **10 million subscribers by March 2007** and making Nigeria a bed of ROSES.

It's all about you.

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# Odu'atel seeks investors

LICENSED to operate in an area with an estimated population of 40 million people, the Nigerian-registered wireless broadband service provider Odu'atel has access to a potentially huge market. Now the company is looking for core investors to take it to its next stage of development.

A subsidiary of Odu'a Investment Company, Odu'atel was established in 2002 when it was awarded five of 62 wireless licenses auctioned by the National Communications Commission.

The heart of Odu'atel's operation is the ClearBurst-MB broadband wireless access system, which has the capacity to accommodate voice, data and video conferencing and virtual private network. The small antenna size, ease of installation and low maintenance make the system an excellent choice for multi-service applications to offices, homes, medium and large enterprises.

The technology has been supplied by the Harris Corporation of America, deploying services on the 3.5 GHz spectrum, the frequency for which Odu'atel owns licenses in the 5-state region of Oyo, Ogun, Ondo, Osun and Ekiti in southwestern Nigeria. The system has been installed successfully in several other countries, including Canada, Malaysia, Sri Lanka, Mexico and Greece.

To this, Odu'atel has added CDMA (Code Division Multiple Access) technology, supplied by Huawei Technologies of China. This has the capacity to reach a wide area network and the facilities for mobile services.

"We have commenced a serious reevaluation and have come to a decision that the data aspect of 3.5 is what we are going to focus on, as well as the internet services," says Adebayo Jimoh, Odu'a Investment



The official launch of Odu'atel services in Ibadan, Oyo State, in 2004

Company's Group Managing Director.

"Data and the internet are big strengths and we have got the backbone for that. To achieve the mileage, we are now bringing in the CDMA to complement that aspect."

Odu'atel is looking for investors to provide financing and technical know-how. Mr Jimoh stresses that the telecommunications business is booming in Nigeria, and that the southwestern region of the country that Odu'atel covers is an economically strong area.

"We have been able to put in place the basic infrastructure to enable the company to connect right from Ota, which is at one end of Ogun State to the end of Ondo State," says Iyabode Apampa, Odu'a Investment's Chairman. "Now we are seeking core

investors who have the history and the strength in telecommunications to take equity. We want to keep just 40 per cent and we want international investors to take the rest." ■

## Starcomms attracts FDI

□ Launched in 1999, Starcomms is the number one private telecom operator in Nigeria, with a subscriber base of 150,000. It has developed the largest network coverage in three of the major commercial areas, Lagos, Kano and Borno states. Starcomms offers services using CDMA technology that provides high quality, 3G-type technology. A consortium of two of the leading international private equity investors in emerging markets, Actis and the AIG African Infrastructure Fund (AAIF), managed by Emerging Markets Partnership (EMP), have recently acquired a majority stake in the company for a record \$43.2 million. Actis has currently \$1.1 billion under management in Africa, and is a significant investor in leading African telecoms operators Celtel and Orascom. EMP is also an experienced investor in Africa with a current total investment of \$407.6 million on the continent.

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EDMUND DAUKORU  
MINISTER OF STATE FOR PETROLEUM

**'We must invest in long term projects to secure future oil supplies'**



FUNSHO KUPOLOKUN  
GROUP MANAGING DIRECTOR OF NNPC

**'The gas pipeline project is a practical demonstration of the spirit of Nepad'**



TONY CHUKWUEKE  
DIRECTOR OF DEPARTMENT FOR PETROLEUM RESOURCES

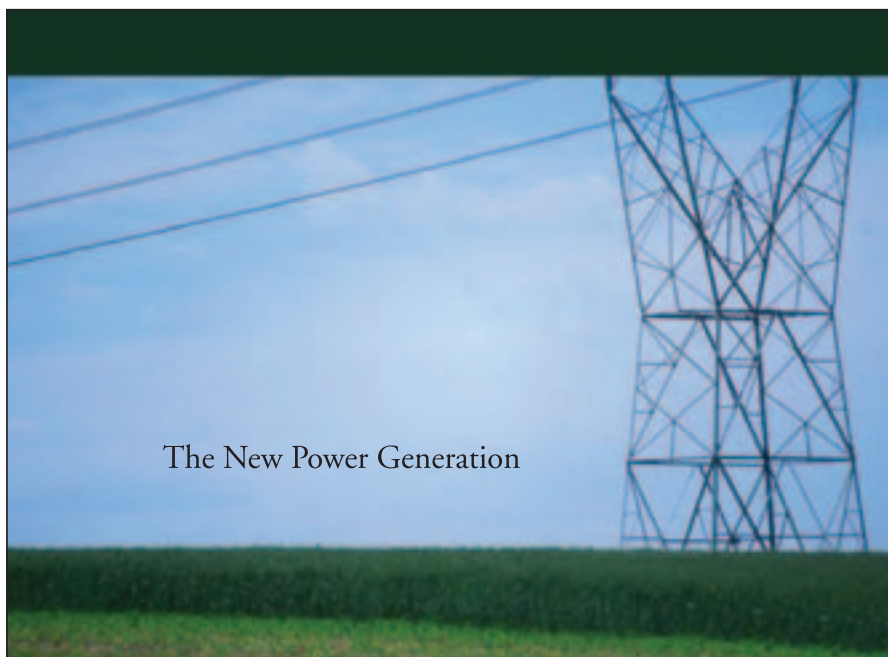
**'Energy can provide a platform for development in the sub-region'**



# New finds boost reserves drive

Oil accounts for half of Nigeria's GDP and the country also hopes to tap into its vast gas reserves.

*Africa's largest oil producer, Nigeria is assuming a growing importance on the world energy scene while large, virtually untapped reserves of gas raise promising prospects*



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Interest in Nigeria as an oil and gas exporter has been re-ignited in recent years by new deepwater discoveries and the sheer potential of its natural gas reserves. The only member of the Organisation of Petroleum Exporting Countries (OPEC) in sub-Saharan Africa, the country plans to double its oil output from 2.4 million barrels a day (b/d) to around 4 million b/d by 2010. At current production rates, Nigeria's oil is expected to last another 40 years, and gas reserves 100 years. The government hopes to bump up recoverable reserves from around 30 billion barrels to more than 40 billion barrels by the end of the decade.

Oil dominates Nigeria's economy, accounting for almost half of its GDP, more than 97 per cent of total exports and around 81 per cent of total public revenue.

The major importer of Nigerian crude is the United States, which now sources more crude from Africa than it does from Saudi Arabia. Foreign multinationals like Shell dominate the industry, working in joint ventures alongside the state-owned Nigerian National Petroleum Corporation (NNPC). Shell recently unveiled two so-called Big Cat discoveries in frontier areas of Nigeria's deepwater, giving a major boost to the reserves drive.

Edmund Daukoru, Minister of State for Petroleum, believes the need to secure future oil supplies has never been greater, given the soaring prices and squeeze on supply afflicting the global market. "We all need energy, so shareholders must be willing to invest in longer term projects to secure supplies," he says. As part of its long-term plans for the energy sector, the government has drafted a whole range of deregulation measures designed to draw in

## Emerald foresees dynamic

□ Nigerian independent oil company Emerald Energy Resources is on the verge of great things, aiming to achieve first production from its OPL 229 block as soon as possible.

Founded in 1997, the company was awarded a 55 per cent operating interest in the concession five years ago, alongside partner Amni International, another Nigerian oil player. Some key milestones have already been achieved, including last December, when the two firms sunk their first well in the block.

Since taking on its OPL 229 concession the company has conducted extensive geological, geophysical and other studies to assess its potential. This has led to the identification of 11 prospective oil fields

on the site with an estimated reserve base totaling more than 2 billion barrels of oil – impressive even by Nigerian standards. Further testing work is now to be undertaken on the well, while more data acquisition is also planned in an initial \$75 million exploration strategy.

Executive Chairman Emmanuel Egbogah believes Emerald Energy has the potential to add as much as 100,000 barrels per day to the country's oil production. "This is a young and dynamic company which operates with a highly skilled, multi-disciplinary team to achieve optimum field development and project economics," he says.

The company has no lack of long-term ambition and is involved in a programme



because it has the potential to open up industrial activities in a way LNG doesn't. Pipe gas presents investment opportunities."

With large and virtually untapped reserves – estimated to be in the region of 166 trillion cubic feet (tcf) – some commentators have even referred to Nigeria as a gas province with some oil. Most of the focus to date has been on LNG for export. The Nigerian LNG complex on Bonny Island, the largest industrial project in Africa, is now one of the most successful gas plants in the world with a proven track record. Other LNG export schemes are on the drawing board, including one – Olokola LNG – which groups Shell with Britain's BG Group, a relative newcomer to the market. The flagship West African gas pipeline, which will carry Nigerian gas to Ghana, Benin and Togo via a 421 mile cross border pipeline, illustrates the potential for local economic development from Nigeria's energy. Funsho Kupolokun, NNPC's Group Managing Director and Chairman of the pipeline's coordinating group, the West African Gas Pipeline Company, believes the project is a significant milestone in the region's economic development. "In essence, it is a practical demonstration of the spirit of the New Partnership for African Development."

As well as providing an alternative source of income, gas is also being lined up to feed new power plants and industrial enterprises across the country. There are big plans to take gas to the north and other areas. Tony Chukwueke, Director of the Department for Petroleum Resources, says the West African Gas Pipeline project is a showcase scheme for the entire African region. Another ambitious cross-border scheme, taking Nigerian gas across the Sahara to Algeria, is also being put together. "I think it is very important that the resources available in Nigeria are used to feed our neighbours in West Africa," he says. "We see that energy can be an integral commodity and a platform on which the development of our sub-region can take place." ■

more investment, not only in upstream areas like exploration and production, but downstream too, particularly in refining and marketing activities. At the same time, the foreign energy companies are adjusting their approach to help Nigerians develop their skills to play a more significant role in the industry. Oil and gas exports still account for virtually all of Nigeria's foreign exchange earnings, yet much of the work, equipment and personnel are still sourced from overseas. "We hope to see more British investment in the oil and gas area," stresses Mr Daukoru. "From big projects to smaller scale ones, even down to the pump level, Nigeria has a lot of opportunities."

Gas represents a new frontier, according to Mr Daukoru: "It is an area that needs full attention. There is a lot of emphasis on liquefied natural gas (LNG), which is very similar to oil activities. We are also looking at pipe gas,

## mic future

called Integrated Natural Gas Development for Nigeria, which proposes a multi-stream petrochemical plant that would take gas and produce various kinds of liquids from ethanol to high level chemicals. "By 2015, we are targeting the creation of a massive plant that would carry out various petrochemical activities and would gulp about \$3 billion (£1.67million)."

Talks are underway with Chinese investors to fund as much as 100 per cent of the project cost. Like many other Nigerian firms, the difficulty Emerald Energy faces is the need for capital, although Mr Egbogah adds: "Getting financing has not been as difficult for us as it has been for other indigenous companies. People put their money on my name."



EMMANUEL EGBOGAH  
EXECUTIVE CHAIRMAN OF EMERALD ENERGY

**'Getting finance has not been as difficult for us as for other indigenous companies'**

Emerald Energy's investors now come from as far away as Hong Kong, and there are talks in play with various Australian backers. The company is also keen to open dialogue with UK firms.

## Fabrication specialist to become major player

□ Dorman Long Engineering Limited is helping to pioneer the indigenisation of manufacturing activities in the Nigerian oil and gas sector. The Nigerian structural engineering firm – a one-time subsidiary of British Steel that still maintains links to various British technical groups – is responding head on to the government's challenge to see more local input in projects.

Chukwuma Henry Okolo, Managing Director and Vice Chairman, is committed to proving the ability of Nigeria's emerging private sector. "It is my firm belief that we can create value in the private sector in Nigeria," he says. "The mission of Dorman Long is to transform the company into Nigeria's most diversified oil and gas equipment fabrication company."

Already an active player in the local energy sector, Dorman Long has three major fabrication facilities with a total capacity of over 35,000 metric tons, representing the largest and most advanced capacity in Nigeria. The company manufactures everything from bridges to storage reservoirs. On the energy side, it produces a variety of oil field equipment and marine structures. It also produces equipment locally on behalf of foreign partners on a licensing basis.

There are big plans for the future. Dorman Long will be investing close to \$20 million (£11 million) over the next 18 months following a cash injection from the Capital Alliance Private Equity Fund, a leading private equity group, to upgrade capacity.

Mr Okolo sees great potential for his firm, not only because of the standards it has already achieved, but because of the demand for indigenous suppliers to the booming oil sector. "For the government, fab-



CHUKWUMA HENRY OKOLO  
MD AND VICE CHAIRMAN OF DORMAN LONG

**'It is my firm belief that we can create value in the private sector'**



**Dorman Long's three facilities produce a variety of energy sector equipment.**

rication is a critical component in terms of its content policy."

Longer term, there are plans to take the business global, pushing Nigerian expertise in other markets.

A key element of its growth strategy is a commitment to training. Okolo says the Nigeria of today emphasises value creation and hard work. "We see ourselves on the verge of transforming from a medium-size Nigerian entity to a major player."

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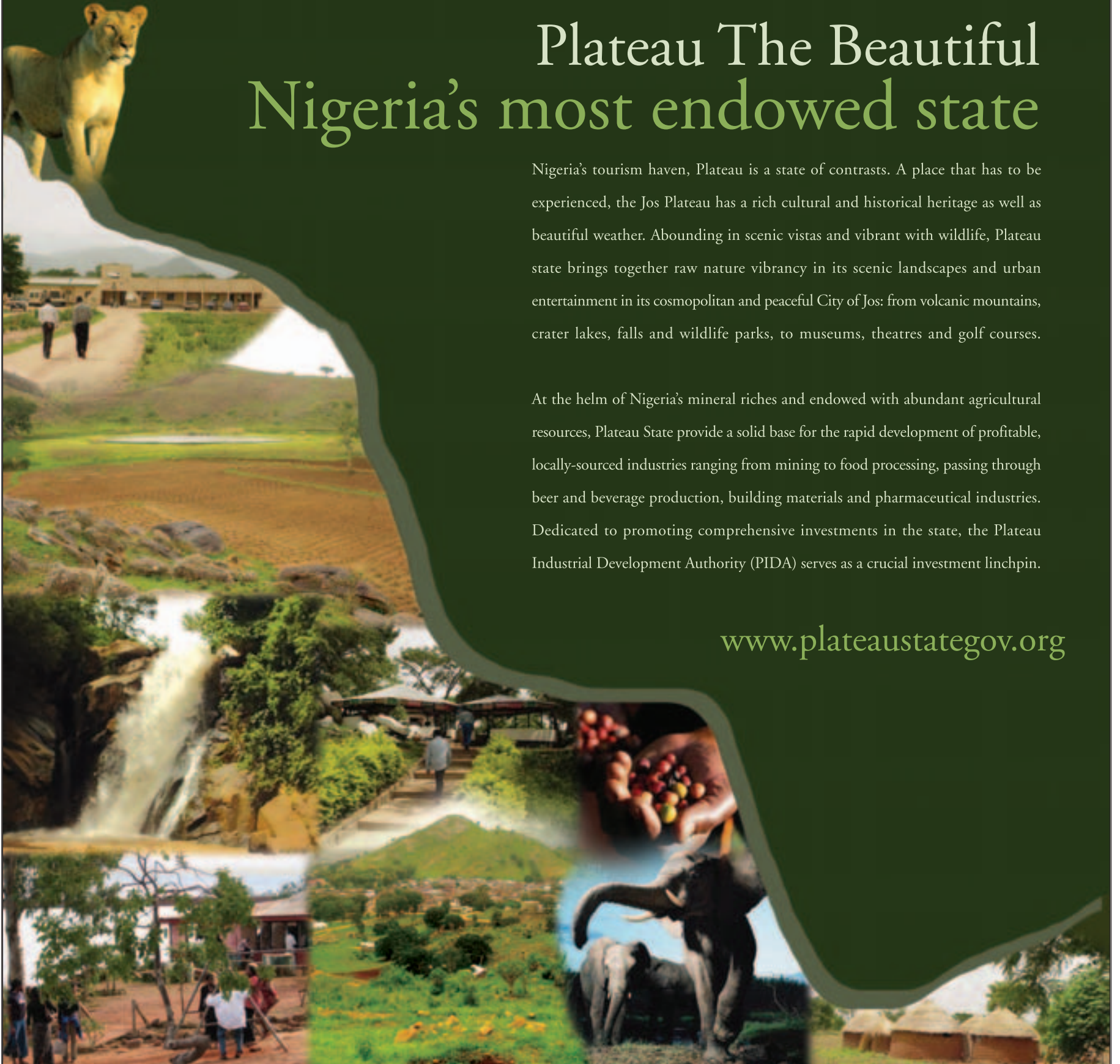


# Plateau The Beautiful Nigeria's most endowed state

Nigeria's tourism haven, Plateau is a state of contrasts. A place that has to be experienced, the Jos Plateau has a rich cultural and historical heritage as well as beautiful weather. Abounding in scenic vistas and vibrant with wildlife, Plateau state brings together raw nature vibrancy in its scenic landscapes and urban entertainment in its cosmopolitan and peaceful City of Jos: from volcanic mountains, crater lakes, falls and wildlife parks, to museums, theatres and golf courses.

At the helm of Nigeria's mineral riches and endowed with abundant agricultural resources, Plateau State provide a solid base for the rapid development of profitable, locally-sourced industries ranging from mining to food processing, passing through beer and beverage production, building materials and pharmaceutical industries. Dedicated to promoting comprehensive investments in the state, the Plateau Industrial Development Authority (PIDA) serves as a crucial investment linchpin.

[www.plateaustategov.org](http://www.plateaustategov.org)



# Locals learning oil industry skills

**Teaching Nigerians how to work in the energy sector will reduce unemployment and promote economic activity**

The question of how to generate more wealth and jobs for the people of Nigeria is one of the most pressing issues facing the country's oil and gas sector. In large part, it was the creation of the Petroleum Technology Development Fund (PTDF) in 2000 that put the issue firmly on the agenda – although unrest in the troubled Niger Delta

region was another crucial factor.

In the past, industry players have frequently been criticised for not employing enough locals, or not equipping them with the right skills to start building the Nigerian energy sector of the future.

The argument goes that while foreign oil companies have got rich from Nigeria's hydrocarbon resources, Nigerians themselves have not. An industry that accounted for 90 per cent of foreign exchange earnings was virtually totally dependent on imported manpower and equipment. Now, the issue is being addressed at the most senior levels within government.

Yusuf Abubakar, PTDF's Executive Secretary, says his agency's role initially was simply to encourage local participation

within the industry and promote training for employment. "Problems such as those in the Niger Delta, where you have a lot of youth restiveness, unemployment and non-participation within the system, had to do with a lack of capacity," he says.

On a practical level, the PTDF has forged close links with academic institutions and industry bodies around the world in a broad effort to reverse the situation. It has particularly strong links with Univation, the commercial arm of Robert Gordon University in Aberdeen, and many Nigerian students travel to Scotland each year to study.

"Our challenge is to see how we can get competent Nigerians to institutions around the world where they will get the right kind of education, so that when they come back they can either work in operating companies, service companies or set up their own business."

So far, the PTDF has sent more than 500 students to overseas learning centres, and new partnerships are being sought with foreign universities. As well as the UK, the fund has links with learning institutions in Norway, France and the United States.

Another key focus area is to get Nigerian institutions participating in oil and gas research activities. The aim is to promote technology development, which underpins the energy business. "There are broadly two areas that we are looking at – building institutional capacity locally and building capacity within the individuals that are supposed to take control of our economy," says Dr Abubakar.

There is, however, a clear shift in senti-



YUSUF HAMISHU ABUBAKAR  
EXECUTIVE SECRETARY OF THE PTDF

**'Our challenge is to get the right kind of education for Nigerians'**

ment from the powers that be. Most recently the government has directed oil companies to factor the local content issue into their projects at virtually every level. In highly technical deepwater projects, for instance, indigenous firms are now starting to be heavily involved.

On a different kind of level, the government has also ordered that any new liquefied natural gas export scheme generates surplus power to feed into the national electricity grid.

Dr Abubakar wants to see Nigeria become the hub of the oil sector in the emerging West Africa region, offering expertise in places like Equatorial Guinea and Sao Tome & Principe. "If all these things could be done locally it will trigger a lot of activities within our economy," he says. "That is our aspiration." ■



The oil and gas industry depends heavily on imported manpower and equipment.

## Independent power firm plans 15 new plants

Trans Africa Gas & Electric Corporation (TAG&E) is one of a new breed of independent power companies in Nigeria, locally-based and intent on bolstering energy provision in the West African state.

Power sector development is one of the chief priorities of President Obasanjo's regime, underlined by the recent transformation in the structure of the electricity supply.

Trans Africa Gas & Electric has big expansion plans. The company is looking to develop up to 15 power generating plants throughout the country by 2010. It specialises in smaller, off-grid, captive power plants selling energy to private off-takers and companies. This year alone, there are plans to spend around \$28 million (£15.5 million) to start building five of these proposed new facilities.

Managing Director Miranghe Pela

says the government's initiative to bring in large-scale producers is the right way forward, though in the near term there remains a requirement for smaller, isolated off-grid power islands supplying reliable energy to individual consumers. "We went to industrial companies because they were the major power off-takers, and we installed our turbines and generators," he says. "This gave us the opportunity to increase capacity and distribute to the surrounding areas."

Trans Africa Gas & Electric has already come a long way. Formed in 1999 as a subsidiary venture of Phillips Enterprises of the United States, it is now an independent entity in its own right. It currently has two plants in operation – one a bio-fuel operation, the other a full gas engine – generating around 1.5 megawatts.

Another key element of its strategy is bringing natural gas into play for power

generation to offset expensive diesel generation. Though the initial outlay for a gas generator can be more expensive, the fuel savings more than offset the difference.

The company certainly has considerable technical depth and is backed by strong international alliances with the likes of General Electric.

It is keen to identify suitable financiers to help back its planned expansion drive. This could take the form of joint ventures, equity financing, or other methods.

Pela says talks have started with various international partners and he is keen to talk to interested UK players. The sheer scale of the Nigerian market highlights the clear potential for power sector investors in the coming decade.

"Today, we are at an embryonic stage. I believe this will continue for the next three years – we expect to grow at



MIRANGHE PELA  
MANAGING DIRECTOR OF TAG&E

**'We expect to grow at more than 200 per cent annually over the next three years'**

more than 200 per cent annually. As long as the finance is there we will achieve that feat. The market is there, the opportunities are there."

# Developing Nigeria's energy sector



The Petroleum Technology Development Fund (PTDF), Nigeria plays a crucial role in ensuring a bright and sustainable future for the Nigerian oil, gas and solid mineral sectors of the economy by investing in human capital and institutional capacity building.

The vision of the fund is to make Nigeria the technology hub and a human resource center for the West African sub-region. The fund has embarked on fulfilling this vision through institutional capacity building such as: upgrading of the Petroleum Training Institute, Effurun, working with departments in eight universities across the six geopolitical zones of the country and granting endowments of chairs in six Nigerian universities in fields related to oil and gas.

PTDF invests in human capital by providing scholarships to Nigerians in areas of study related to the oil, gas and solid mineral sectors through the Overseas Scholarship Scheme run in conjunction with Univation Ltd of the Robert Gordon University in Aberdeen, Scotland. Having been a record success in top-class universities in the United Kingdom, the scheme will be expanding to France and the United States of America in the coming years.

PTDF is committed to enhancing local input in the development of the oil, gas and mineral sectors of the Nigerian economy.

## FINANCE

# Reforms are intended to strengthen the banks

The Nigerian banking sector, which comprises dozens of indigenous players as well as some well-known foreign institutions, is in a state of flux as sweeping reforms start to take effect.

The Central Bank of Nigeria (CBN) is leading the overhaul with fundamental changes that are re-shaping the very structure of the industry. In July 2004, the CBN's respected governor, Charles Soludo, unveiled a sweeping 13-point reform programme intended to pave the way for a more competitive and efficient financial services sector.

At the heart of the reform process was a recapitalisation exercise, notably the

## Recapitalisation leads to consolidation through mergers and acquisitions

introduction of minimum capital requirements, a move designed to facilitate consolidation through bank mergers and acquisitions.

The central bank directed the country's 89 banks to raise their capital individually or through mergers or they would lose their banking licences. The minimum capital requirement was raised sharply by 12 times to N25 billion (£106 million) in a shake up of the crowded and fragile sector.

The intention, according to Professor Soludo, is to stop the rot that has afflicted the industry in past years. "The agenda is a pre-emptive and pro-active measure to prevent a systematic crisis and collapse of the banking industry, and permanently stop the boom and bust cycles that have characterised the industry," he says.

More fundamentally, the reforms are aimed at ensuring a sound, responsive, competitive and transparent banking system, better suited to the demands of the emerging Nigerian economy and the challenges posed by global and regional integration.

There are already clear signs that the strategy is working. A recent high-profile merger deal between Standard Trust Bank (STB) and United Bank for Africa (UBA) is aimed at creating the largest bank in Nigeria.

Numerous other outline merger deals have also been agreed and are making headway. Indeed, in an attempt to speed up the process the government is even offering incentives for all deals completed before the year end.

Professor Soludo says that more and more institutions are now clearing the minimum capital hurdle, a sign that the industry is already on a firmer footing. "In our consolidation effort, 16 banks are already sure to make the new capital requirement compared to only two banks as at 6 July 2004."

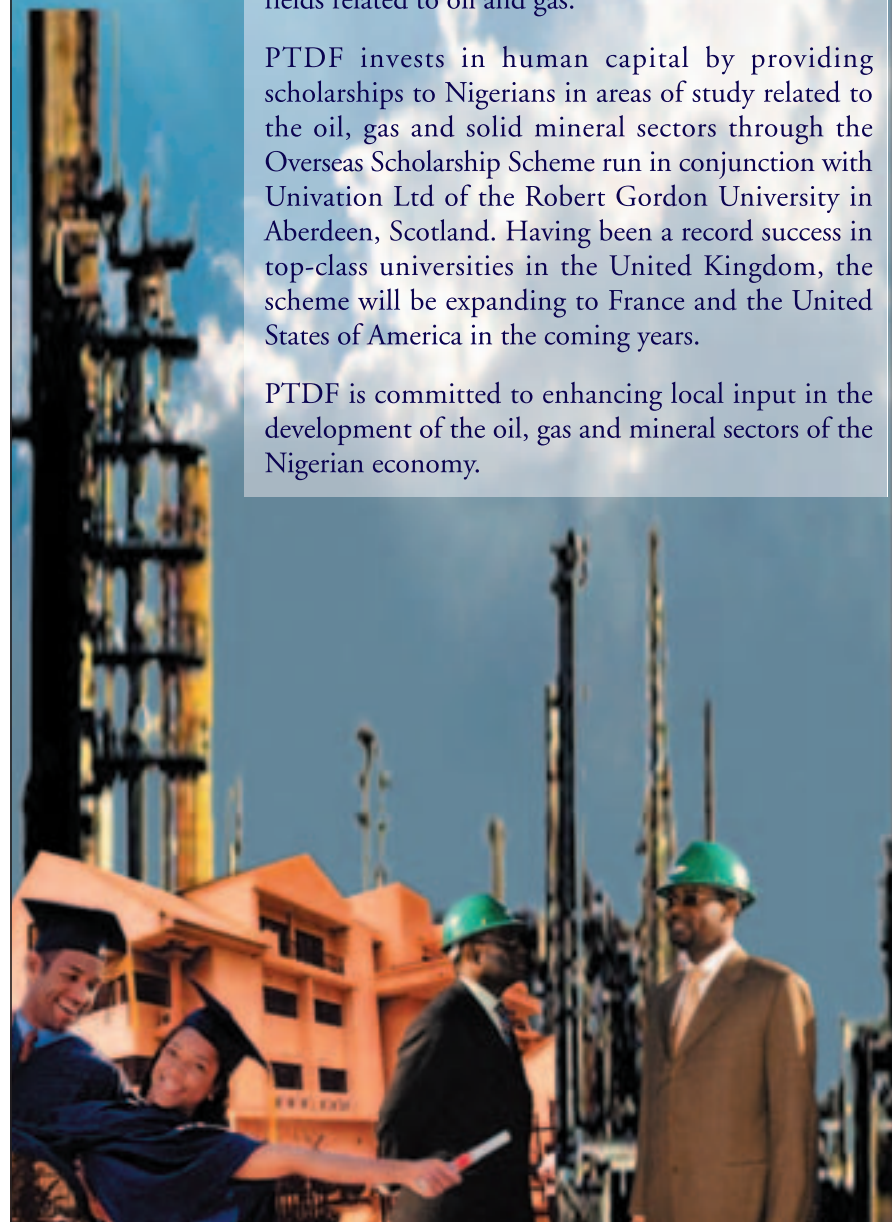
The changes have received a positive response, both inside the industry and elsewhere, notably from foreign donors and investors.

One of the benefits of an improved financial infrastructure is the greater access to capital to fuel further economic growth, a primary objective of the government. "It is also good news that fresh funds are flowing into Nigeria in response to the emerging investment opportunities in the Nigerian banking sector as a result of the consolidation exercise," says Soludo.

The CBN is already starting to look at the Nigerian post-merger banking environment, with plans for mandatory risk management measures to ensure continued stability as well as to foster a general climate of transparency and accountability.

The measures would also reduce the potential for bank failures, a problem that has blighted Nigeria in the past. According to Professor Soludo, sound corporate governance structures would provide "a form of insurance" against such an eventuality. He says that the price of the new emerging banks failing is one that the country cannot afford to pay.

The attention to detail underlines the determination of the financial authorities to make sure the reforms succeed, another building block in Nigeria's re-awakening. ■



# Maintaining the premier position

*Nigeria's longest established commercial bank is looking for partners to help it expand within West Africa*



FirstBank's headquarters in Nigeria (left) and its subsidiary bank in London

The appropriately named FirstBank of Nigeria (FBN), has distinguished itself for more than a century as the leading Nigerian banking institution and a major contributor to the country's economic development.

Founded in 1894 by a Liverpool shipping magnate as the first commercial bank in the country, FirstBank began as the Bank for British West Africa, a small operation in Lagos that worked with the colonial government. It became FirstBank of Nigeria in 1979 and has maintained a steady path of growth since becoming fully privatised with the divestment of the shareholdings of the Federal Government and Standard Chartered Banks.

Today, a clear leader in profitability and assets with a network of more than 360 branches, Firstbank is the largest bank in Nigeria and one of the largest in West Africa. It has diversified into a wide range of banking activities and services, ranging from corporate and retail banking, to registrarship, trusteeship and insurance brokerage.

In recent times the bank has made major advances in electronic banking, and has deployed information communication technology (ICT) in its operations across the country. With more than 260 online branches nationwide, it lays claim to the largest online real-time network in the country. As an InterSwitch member bank, its ATMs at more than 70 locations nationwide are accessible to cardholders from all member banks.

FirstBank has rung up a string of awards. In 2004, it was rated the country's top bank and the seventh best in Africa by The Banker magazine, published by the Financial Times. Last month, it was named one of the world's 'Best Foreign Exchange Banks' for the second consecu-

tive year by the New York-based international publishing group, Global Finance. It also won the 2005 titles of 'Best Emerging Market Bank' and the 'Best Trade Finance Provider'.

Two particular ways in which FirstBank has stood out in its commitment to Nigerian economic development, are its long history of commitment to agricultural financing and its support for the establishment and restructuring of small and medium-sized enterprises (SMEs).

Recently it announced it would be setting aside more than N5 billion (£21 million) as reserve to be invested in the Small and Medium-scale Industries Equity Investment Scheme (SMIEIS), a substantial increase in its investment in the scheme of around N3.8 billion in 2004.

As part of its strategy of progressive internationalisation, FirstBank became the first financial institution in Nigeria to establish a subsidiary bank in the UK in November 2002. More recently it opened a representative office in Sandton, Johannesburg, to take advantage of the increasing level of business between South Africa and Nigeria.

The bank has ambitions to expand within the West Africa region and is looking to partner with other banks and financial institutions to do this. ■

Website: [www.firstbanknigeria.com](http://www.firstbanknigeria.com)



## INTERVIEW JACOBS AJEKIGBE Managing Director/CEO of FirstBank

What are the most important contributors to FirstBank's success?

The key to our success has always been sound management and good corporate governance. The bank was established along the British business model. We also have a highly dedicated staff who operate within what, I believe, is a well-established system. Then, of course, we have committed shareholders and board of directors as well as loyal customers.

FirstBank has diversified into a wide range of banking activities and services. We aim to be a one-stop financial supermarket offering a wide range of products and services. Our extensive branch network is the largest in the country, and we engage in specialised banking activities through our subsidiaries.

We have just got approval from our board to go into insurance business, both life and general. We see ourselves going into other areas. The whole idea is to ensure that we are able to meet all of our customers' financial needs.

### 'There is room for more British interest in Nigeria. There are vast opportunities'

What are your aspirations in terms of development of technology?

Our vision is to be the first choice in banking and this we intend to achieve by providing excellent service for our customers so that they can seamlessly run their businesses without necessarily visiting our branches. In Nigeria, business transactions are still cash-based. We haven't achieved a cashless society, and customers still go to the banks to do business. That is why we introduced ATMs and internet banking.

With over 262 branches connected online, we have made it possible for our customers to transact business with the bank from any branch of their choice.

In addition to these significant achievements, we have started issuing debit cards. We have been acquirers of Mastercard since 1986 and are now issuing them to our customers direct.

What are your strategies in choosing who to finance?

Beyond profitability, we also are mindful of economic development in Nigeria because the banks can only be prosperous if the country is prosperous.



It is, therefore, important that we strive to develop critical sectors such as agriculture, telecommunications, small and medium-scale enterprises and manufacturing, as well as oil and gas.

FirstBank has continued to provide strong support for these sectors. Aside from agriculture, manufacturing and SMEs, one area that we have ventured into is the privatisation of companies by the Bureau of Public Enterprises (BPE). We are in the vanguard of financing the companies that are being privatised by the government. We also partner with government to ensure that public utilities provide improved services.

FirstBank has always had a strong presence in West Africa. What are your objectives of development in the region?

The West African region is a major focus for us, and we believe we can develop our activities through e-banking and ICT-related services. Our intention is to have a presence in all the major countries of West Africa, and this objective is part of a five-year plan we crafted in 2003. Our aim is to achieve remarkable success in our activities in the region by 2008. We are currently in negotiations with a number of potential partners. For instance, we are now very interested in a bank in Cotonou, in neighbouring Benin.

You are one of the first Nigerian banks to have established operations in the UK. How does FirstBank contribute to attracting more British investment in the country?

We have recognised the importance of the United Kingdom and its investors to the growth and development of Nigeria and, as members of the Nigerian British Chamber of Commerce and the Commonwealth Business Council, we contribute by consolidating business relations between the two countries. We have our subsidiary bank in the UK and a number of affiliations with leading UK institutions such as HSBC and Standard Chartered Bank. We are looking forward to improving our partnership with these and other UK banks. There is room for more British interest in Nigeria. There are vast opportunities here. ■

# Sparkling year for bank on the rise

**An acquisition and the launch of an initial public offering are parts of Diamond Bank's bid for greater market share**

One of Nigeria's most successful banks, Diamond Bank is currently involved in a drive to rank among the country's top three within five years.

According to Chairman Pascal Dozie, the bank is poised for major development of its infrastructure and its business. Plans have been made for a massive branch expansion programme and deployment of state-of-the-art technology.

"We are now in what may be said to be the second phase of Diamond Bank, or the new Diamond Bank," says Mr Dozie. "By this time next year, we should boast a minimum of 200 branches."

In August, the bank launched a bid to raise N6.8 billion (£29 million) in the capital market with a one million shares initial public offering (IPO). "Before we



PASCAL DOZIE  
CHAIRMAN OF DIAMOND BANK

**'If you want to play a major role, you cannot just grow organically'**

can do what we really want to do in terms of strengthening our process for the future challenges in the industry and the larger economy, we need a lot of capital," explains Mr Dozie, a former President of the Nigerian Stock Exchange.

"If you really want to play a major role in the financial sector, you cannot just grow organically. And to meet the resources you require, you must take advantage of the

market." The move follows the bank's recent signing of a memorandum of understanding (MoU) to acquire Nigeria's Lion Bank, a deal that is expected to raise Diamond bank's shareholders' funds to well over N25 billion (£106 million). Absorption of Lion Bank's 22 networked branches will bring Diamond Bank's nationwide branch network to 75 and create a post-acquisition balance sheet size of about N140 billion (£590 million).

After a successful private placement process last year, the bank officially listed on the floor of the NSE at the end of May. In June, it inked a seven-year on-lending loan agreement with the International Finance Corporation (IFC), the private sector arm of the World Bank Group. The \$30 million (£16.8 million) loan, the second tranche from the IFC, raises the corporation's total on-lending investment commitment in Diamond Bank to \$50 million (£28 million). Established in 1991, Diamond Bank offers a full range of products and

services in retail, commercial, corporate and investment banking, including advisory, investment, debt, equity, lending and transactional services. The bank posted a pre-tax profit of N3.52 billion (£14.9 million) for the financial year ended April 30, 2005 – a notable 203 per cent leap over the N1.6 billion (£6.8 million) of the previous year. Total assets rose by about 80 per cent, from N73 billion (£309 million) to N131 billion (£554 million), while shareholders' funds increased to about N21 billion (£89 million) from N6.7 billion (£28 million).

Mr Dozie attributes the bank's success to the high standards it sets itself. "At Diamond Bank, we have striven to live up to the global best practice standard. From inception, we set out to bring about a radical turnaround in the delivery of banking services in the country. This we achieved with the use of technology as a delivery vehicle for quality service to our customers." ■

## INTERVIEW PASCAL DOZIE, Chairman of the Heart of Africa Project

As Chairman of Nigeria's Heart of Africa Project, Pascal Dozie is one of the foremost representatives of the campaign to promote national pride and present a positive image of Nigeria abroad. In July, he attended the G8 Business Action for Africa Summit, organised by the Commission for Africa and the Commonwealth Business Council.

### What is the Heart of Africa project about?

We are taking steps to tackle the serious issues that have impeded our progress as a nation in the past. We are working to improve the image of the country and to change the psyche of Nigerians. Everybody is questioning why we do certain things and seeing whether we can do them better. To play in the global village, you must adapt to global standard, and we in Nigeria have decided to work within that framework.

### How important is the private sector in African development?

There is a need in Africa for greater

depth in entrepreneurial capacity. There is also a need for greater interface between the public and private sectors in order to fast-forward economic growth in the continent. Every indication is that we are making steady, even if slow, progress.

### How can the international community contribute?

Most importantly, the whole world is now fully tuned in to the need to integrate Africa into the global economic system. There needs to be a conscious effort, both on the part of Africa's political leadership and the G8 countries, to come to the assistance of the private sector and to make sure it fully develops in order to play its role.

What is needed now is the synergy to bring African business leaders together to share ideas. This is what Business Action for Africa tries to do and is also one of the key areas that the Commonwealth Business Council is working on.

## Acknowledgements

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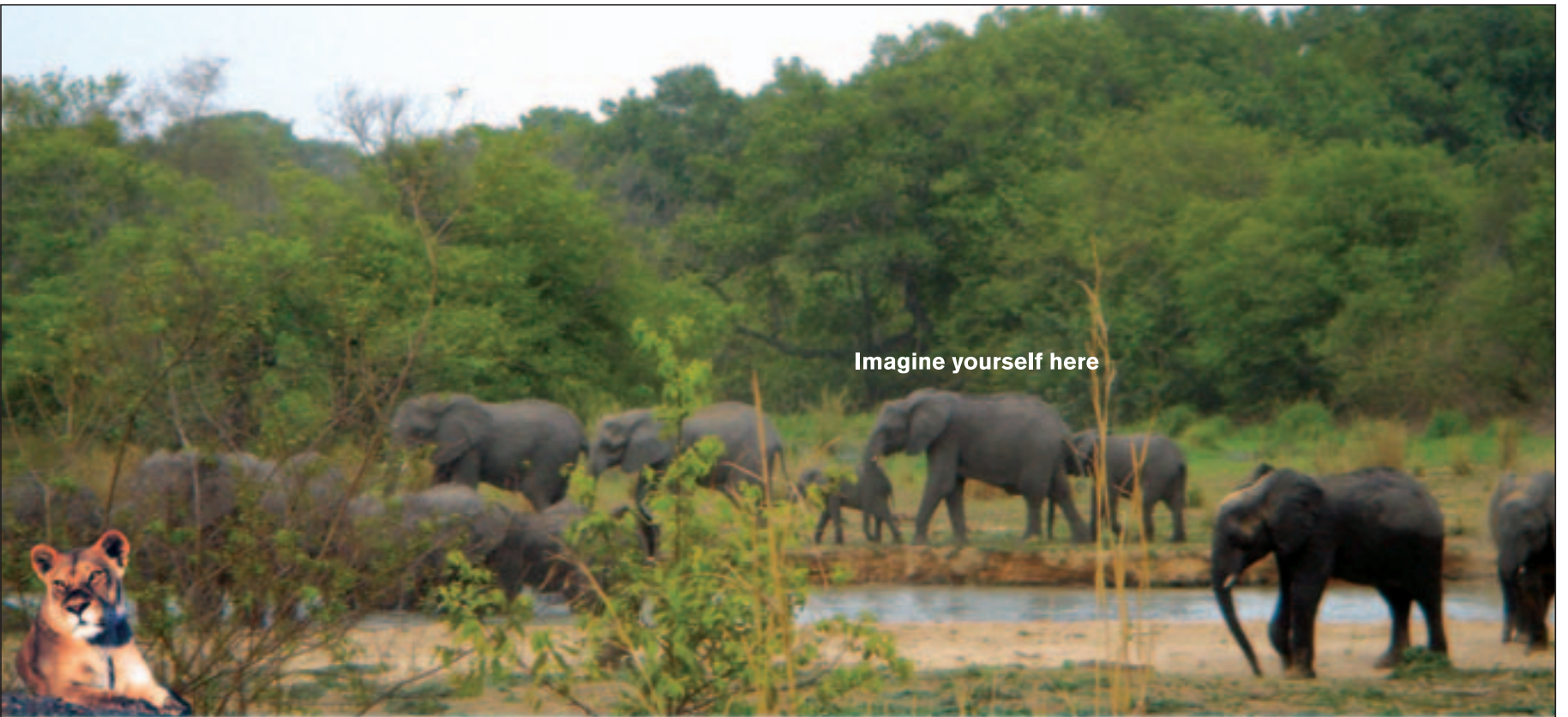
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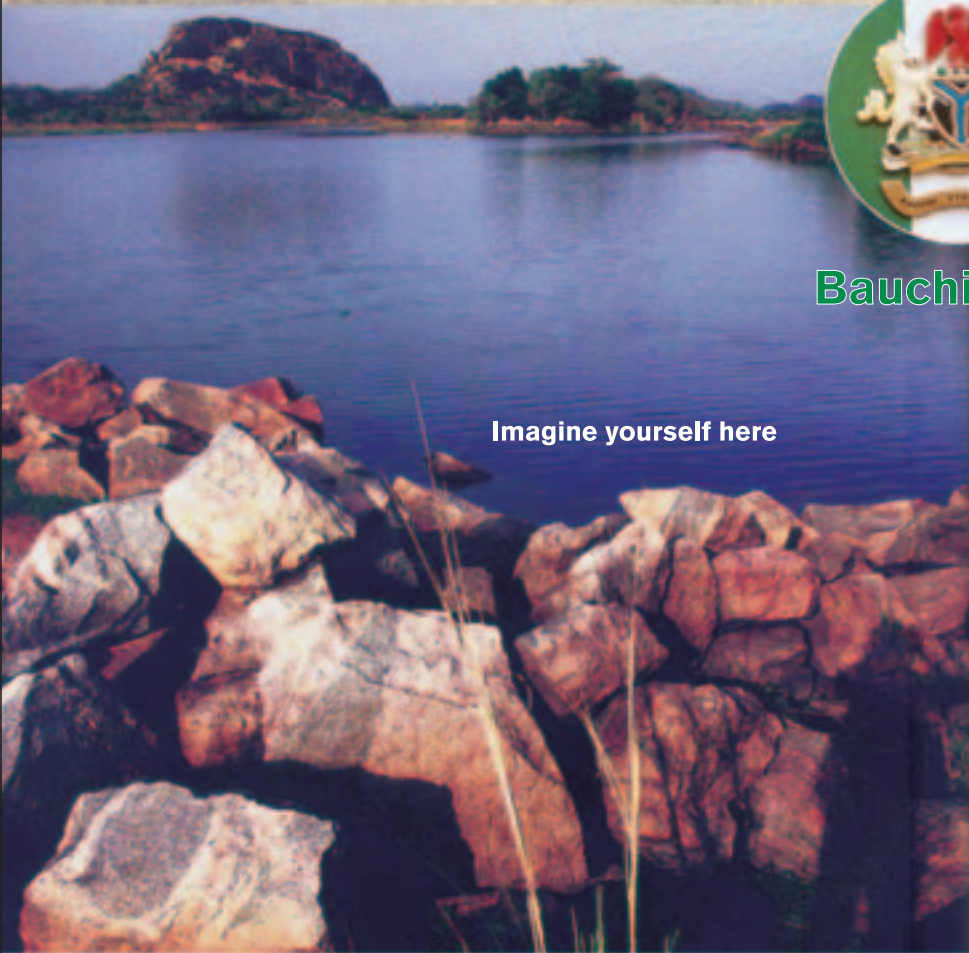




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