World Report

NIGERIA PART 2

EMPOWERING THE NATION’S INDIGENOUS OIL POTENTIAL

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Big challenges remain for President Obasanjo’s reforming administration, but investor belief in Africa’s most populous nation is growing

A potent mixture of oil, democracy and reform has been transforming the fortunes of Africa’s most populous country. Once a military dictatorship regarded as a pariah state, Nigeria now boasts one of the fastest growing economies in the world and is on the way to becoming the powerhouse of the continent.

Growing international confidence in the West African country is reflected in recent assessments from international observers. Ratings by the global agencies Fitch and Standard & Poor’s have placed Nigeria in the same category as emerging economies such as Brazil, Venezuela, Turkey and the Philippines. Both agencies cite the commitment to reform of President Olusegun Obasanjo’s federal government, together with last year’s decision by the Paris Club of creditors to lift the country’s crippling burden of external debt, as key reasons for taking a positive view of the future. All eyes will be on Nigeria next year, hoping that the economic reform programme will be continued in the years following the 2007 elections.

The analysts forecast that economic prospects will improve even more when further progress is made in tackling the political and social challenges that the nation faces. Indeed, a Goldman Sachs report has suggested that if Nigeria sticks to its reform agenda, it will overtake South Africa and Egypt to become Africa’s strongest economy by 2020.

The vital energy sector continues to develop rapidly, with the coming onstream of huge new deepwater oil and gas fields. Prospects look good for achieving the government’s objective of raising production from 2.6 million barrels per day to four million, and the high price of crude is keeping up oil revenues despite problems in the Niger Delta.

One of the most important challenges Obasanjo’s reform agenda has set Nigeria on course to become the strongest economy in Africa

the government needs to meet is to ensure that Nigeria’s oil wealth is shared fairly. This has been underlined by the recent outbreak of kidnapping and damage to oil facilities in the Delta. The swampy region in the southwest is the main source of Nigeria’s oil revenues and, at the same time, one of the most impoverished parts of the country.

As demonstrated by the subsequent production shutdowns, there is the potential here for disruption of the most vital sector of Nigeria’s economy, not to mention the global oil supply. Oil accounts for around a quarter of GDP, more than 90 per cent of the total foreign exchange and nearly 80 per cent of government revenues.

In this context, the work of the Niger Delta Development Commission, which recently launched a masterplan to accelerate development and combat poverty in the area, is of not only local, but national and even international importance.

Another, and associated, issue is that of ‘local content’, in particular the extent of indigenous involvement in the oil and gas industry. Nigeria is reckoned to be losing a massive £6.6 billion annually through the awarding of lucrative oil service contracts to foreign firms.

The government is putting extra pressure on the multinational oil companies to utilise significant local content in terms of materials and services in the development and operation of their concessions. It is also bolstering indigenous participation in other key sectors of the economy.

An increasing number of Nigerian oil services firms are proving they have the ability to take on major contracts. At the same time steps are being taken to provide the training required for more Nigerians – especially the unemployed youth – to join the oil sector workforce.
On the political front, President Obasanjo, currently in his second term, has won praise for his economic, political and social reforms and anti-corruption campaign. Crucially his policies are encouraging foreign investment into the economy, and not just in the oil and gas sector; non-oil sectors are also expanding rapidly.

Finance Minister Ngozi Okonjo Iweala says, “Our efforts have been rewarded by an inflow of foreign direct investment, estimated at $3 billion (21.7 billion) a year in the non-oil sector.”

The non-oil GDP growth rate was 8 per cent last year, signalling that measures to diversify are working. Overall, the economy expanded 8.2 per cent in 2005, while growth of 10 per cent is targeted for 2006.

Government spending this year will be focused on human and physical infrastructure to develop power, roads, water supply, agriculture, education, health and security. Approximately $2.6 billion has been earmarked for the implementation of capital projects all over the country, including the building of new power plants.

Vice President Atiku Abubakar argues that Nigeria is now a stable country where risks for investors are now minimal. “In the past six years, we have pursued our economic reforms with vigour and tremendous success. Returns on investment here are the highest in Africa,” he says.

The Heart of Africa project is a major effort by the federal government to reinvent Nigeria’s image, promote the country as a destination for investment and tackle its negative reputation for corruption and internet fraud. Information Minister Frank Nweke explains that the project to rebrand the country is aimed at Nigerians themselves as well as the outside world.

What is the message the Heart of Africa campaign is trying to put across? The Heart of Africa project is a major effort by the government to reinvent our image. It will also showcase and buttress Nigeria’s pivotal role in Africa’s development – hence the title of the project.

Nigeria is a vibrant country that holds enormous promise. In terms of reforms, there is a lot going on here. Only in the Nigerian economy can you can invest and get a return of 35 per cent, and it is our intention to draw the world’s attention to this fact.

We have a democratic government in place and are irrevocably on the path of recovery economically, politically and socially. Companies like Vmobile, MTN and others have taken up the challenge and are not regretting it. Nigeria is the best place for investors who are looking for somewhere to put their money. We have a very rich culture, the warmest people on earth and a land that if you are to develop to our full potential, could become a major tourist destination.

Is it purely a government initiative? No, the implementation of all of these projects is going to be a partnership between the government and the private sector. When you look at the western audience and international investors, some of the people that know this group the best are private sector players in Nigeria.

What are the long-term objectives of the project? The project was primarily designed to promote the Nigerian brand but it will also tackle negative issues confronting the nation. In the long term, the government is embarking on a massive re-orientation programme. This is one of the most important objectives of the National Economic Empowerment and Development Strategy (NEEDS).

The government wants to ensure the support of all segments of the society: the civil population, the private sector and the government agencies. We have been strengthening the activities of agencies, like the Independent Corrupt Practices Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC), which have links with Interpol and Europol. The EFCC Research and Training Centre is the first of its kind in the West African sub-region.

We are also re-introducing civic education in all tiers of our educational system and are running a campaign on the dangers of getting involved in advance fee fraud.
ECONOMY

Thinking big: the launch of a mega-corporation

The birth of a giant, wholly Nigerian conglomerate symbolises the shift in emphasis from the public to the private sector

Nigeria is a big country with big ambitions and its hopes of realising them are closely tied in to the emergence of a dynamic private sector. Up to now the country has lacked the business groups of sufficient size, financial capacity and confidence to develop a market-driven economy and compete for international contracts. It has therefore been forced to rely heavily on investment from foreign companies.

The solution, initiated by President Obasanjo, is to fill the gap by creating a Nigerian mega-company along the lines of the great South Korean chaebols or Daewoo and Samsung - companies that have had a major impact on the economic development of their own country.

Leading Nigerian business figures have been co-opted to form Transnational Corporation Nigeria (Transcorp), Nigeria’s first multinational corporation. Based in Nigeria and managed by Nigerians, Transcorp is intended to be a globally competitive industrial conglomerate, supplying products and services to local and world markets.

Launching the company in July last year, the president described it as “a bold ingenious initiative aimed at repositioning Nigeria in the forefront of the global economy by stimulating economic activity in Nigeria to unprecedented levels.”

Fully owned by the private sector, Transcorp commenced operations with an initial share capital of 56 billion naira (£260 million). It hopes to raise an additional 66 billion naira (£307 million) from the Nigerian Capital Market through an initial public offering (IPO) and will be quoted on the Nigerian Stock Exchange.

Members of Transcorp’s board include managing directors and chief executives from a range of Nigerian companies, including Nigerian Breweries, the Dangote Group, First Bank of Nigeria, Zenith Bank, UBA Bank, Zenon Petroleum and NTA.

The Chairman of Transcorp and Director General of NSE Ndi Okereke-Onyiuke, said: “We have a conglomerate of business and financial experience and are encouraging Nigerians to invest.”

Adonai-Net. The chairman of the board is the highly respected Director General of the Nigerian Stock Exchange, Ndi Okereke-Onyiuke. Chairman of the National Pension Commission Fola Adeola is the Group Managing Director, who foresees Transcorp as a “financially sound and profitable behemoth.”

According to Dr Okereke-Onyiuke, the IPO will be launched this year. “We are doing everything possible to ensure that Transcorp is listed on the stock exchange after the consolidation of the banking sector is finished. Later on, we will have it listed on the New York, London and Johannesburg stock exchanges, and maybe on the Egyptian stock exchange too,” she says.

In February, Dr Okereke-Onyiuke announced that Transcorp was to float a 500 billion naira (£2.3 billion) bond to raise cash to finance its global operations. “We are encouraging Nigerians to invest because the company will make money and will also be favoured by the government. Most top Nigerian companies find it difficult to compete for international contracts because they are not financially strong enough. We are sure we will succeed because we have a conglomerate of business and financial experience. We have bankers, lawyers and business moguls on our board, so there is no way we can go wrong.”

Helping local companies to reach world markets

- Within Nigeria itself, Transcorp will complement indigenous businesses rather than compete with them, according to board member Adegboyega Olulade. “We are structured to link with businesses in Nigeria, to make them stronger by forming alliances with them,” he says. “We can bring them into our fold, and re-create them in order to help them produce world-class products for markets at home and abroad.”

- Transcorp will focus on areas of business in which Nigeria has a competitive advantage. “It is what we have in abundance in Nigeria that we are going to project. We have wonderful natural resources that are untapped. What people talk about is oil, but there are so many talented Nigerians in other areas, such as IT for example, who we are going to empower.”

- In addition to being on the Transcorp board and Executive Vice Chairman of Adonai-Tekts Investment, a firm of financial consultants, Mr Olulade is also Chairman of telecommunications service provider Adonai-Net Nigeria.

- Incorporated in 2000, the company provides a range of interactive messaging solutions to both domestic and foreign companies. One of Adonai-Net’s most recent and notable services is its Stock Trade Alert system, which is designed to protect investors trading on the Nigerian Stock Exchange (NSE).

- The system blocks unauthorised transactions on the exchange by notifying investors via SMS whenever there is a transaction in their Central Securities Clearing System (CSCS) account.

- Mr Olulade says: “The idea is to have a prompt messaging device that will deter fraudulent practices in the finance sector. We have been able to deploy the device in a way that nothing can happen to the shareholder’s account without their knowledge. Immediately anything happens, whether inflow or outflow, it triggers your GSM phone. So you can stop it if you did not authorise it.” The service works in any part of the world.

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The core areas of business that Transcorp will be targeting are oil and gas, information and communication technology (ICT), agriculture and agri-business, power and international trade. The government has pledged to help Transcorp penetrate other markets in Africa and will create opportunities for it to develop large-scale projects in oil and gas, power and ICT through public-private partnerships.

Concessions already granted to the corporation, announced by President Obasanjo, include licences to build a 400,000 barrels per day refinery, an independent power plant and land for the construction of free port facilities.

The corporation aims to purchase large quantities of goods from Asia to supply to the West African markets and has already made an entry into the hospitality industry by acquiring the Nicon Hilton in Abuja, now renamed the Transcorp Hilton.

Nicholas Okoye, Transcorp’s technical secretary and business strategy adviser, says that Transcorp will be bidding for state-run enterprises put up for auction in the privatisation process. “We will be looking for opportunities wherever they exist in the areas we are concentrating on. “We are going to be producing in Nigeria and exporting goods and services to different parts of Africa and the world. We are also going to be a vehicle in which people can invest their savings and a company that can meet their goals in terms of savings and deposits.”

The Nigerian Stock Exchange (NSE), where Transcorp will place its initial public offering. Listings on other stock exchanges are eventually expected to follow.

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The regulatory authority in Nigeria has made Stock Trade Alert a pre-requisite for anyone wishing to trade on the NSE. “The aim is to provide improved confidence in the NSE for both local and foreign investors,” Mr Oluleye explains. “In terms of returns on investment, the NSE is if not first then second in the world. The authorities want to make it extremely transparent and attractive to investors.”

Adonai-Net’s technical partner is Grapevine Interactive, South Africa’s leading corporate messaging solution provider. “We are going into partnerships with other bodies,” says Mr Oluleye. “We are talking to Afriskant about partnering them on the Financial Transaction Alert system and right now we are powering Vehicle Alert for the Lagos state government. “We have corporate messaging solutions already deployed for insurance companies, schools and colleges, amongst others. The advantages of e-commerce are just being brought into Africa through this type of innovation.”

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Banking leader grows stronger

INTERVIEW JIM OVIA
Managing Director and CEO of Zenith Bank and Transcorp board member

Zenith Bank is one of the largest, most profitable banks in Nigeria. Last year it was declared ‘Banker of the Year 2005’ by the FT’s The Banker Magazine. Its MD, Jim Ovia, recently won the Pearl Award as the most outstanding CEO of the year. Investors have responded enthusiastically to Zenith’s recent public offer of three billion ordinary shares – the largest ever made by a Nigerian company – through which the bank aims to raise N50 billion (£2.3 billion).

You place strong emphasis on branding. How successful is Zenith Bank as a brand?
I would say we probably have the strongest brand in the banking industry and one of the strongest in the entire Nigerian economy.

ProsuswaterhouseCoopers recently sent out questionnaires to CEOs of different companies in Nigeria, and asked them to rate the banks they respect the most. We were the number one most respected bank in Nigeria, and the number four most respected company in Nigeria. This puts us together with such firms as Cadbury, MTN, and Nigerian Breweries.

Augusto & Co, the foremost rating agency in Nigeria, have rated us AAA for the past seven years consecutively and no other Nigerian bank has achieved that. It puts us under pressure to protect our brand name consistently by introducing new ideas and new products and doing the right things at all times.

The huge success of your IPO in 2004 must have given you great confidence for your recent shares offering.
What happened with the IPO was a mass panic and one in which insurers suffer from a somewhat negative public image, Aiico has the advantage of a long and solid pedigree. Established in 1963 as a collection centre and incorporated in 1970, it converted to a public liability company in 1989 and was listed on theNSE in 1990.

In an increasingly competitive environment, and one in which insurers suffer from a somewhat negative public image, Aiico has the advantage of a long and solid pedigree. Established in 1963 as a collection centre and incorporated in 1970, it converted to a public liability company in 1989 and was listed on theNSE in 1990.

In February, Aiico announced a 254 per cent increase in pre-tax profits for the nine months up to the end of September 2005 – 230 million naira (£1.1 million) compared to 70.5 million naira (£330,000) for the same period the previous year.

The charge to the capital market for the fund-raising exercise will be used for further investment in information technology, updating and expanding the branch network and working capital. “The company is poised for vibrant growth,” says Mr Fajemirokun.

There is a new atmosphere in and around the large Abuja offices of the Nigerian Security Printing and Minting Company (NSPMC) and much of it has to do with its incredible transformation. Like many other public companies, the mint has been through some turbulent times and earlier this year, the Governor of the Central Bank of Nigeria (CBN), which owns 77 per cent of the company, took action. Professor Charles Soludo introduced a new management team led by managing director Ehi Okoyomon, and their impact was immediate, improving the mint’s output by some 40 per cent in just four months.

In recent years the mint has been producing only 50 per cent of the country’s requirement of currency notes, with the balance being sourced internationally. However, the ‘new’ mint aims to print 100 per cent locally by the end of 2006 – a deadline brought forward by 12 months because of the current fast-paced reforms.

Dr. Okoyomon is already talking about further goals, such as capturing the West African sub-region market, explaining: “NSPMC is the only secure printing company in the whole of West Africa, so every country is a potential customer.”

“It seems success is just around the corner and one he believes many Nigerians will be proud of. “People will see that there is a company you can rely on for security, efficiency and quality.”

www.mintnigeria.com

FINANCE

Consolidation lies ahead for insurance industry

FOR many of Nigeria’s insurance companies this will be a make or break year. New capital requirements issued by the National Insurance Commission (Naiicom), the industry regulator, are forcing the insurers to raise huge funds in order to remain in the market.

The exercise is certain to prompt a wave of mergers and acquisitions among the more than 100 insurance firms currently operating in the country. Commissioner for Insurance Emmanuel Chukwulozie expects to see the emergence of “a few mega insurers who would control a sizeable share of the market.”

As a board member of Transcorp, how do you see it developing?
Transcorp is a mega-corporation that has been established for the Nigerian people. When we launch the IPO, all Nigerians will be able to buy shares, not just a few. Even foreigners are welcome to buy shares in it. The company is growing very fast and will quickly become strong and dominate most aspects of the economy in the near future.

A major player in the industry, Aiico is Nigeria’s largest life insurer with a general insurance branch. Commissioner for Insurance Emmanuel Chukwulozie expects to see the emergence of “a few mega insurance companies who would control a sizeable share of the market.”

Repositioning West Africa’s largest mint

The company is poised for vibrant growth

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After more than 40 years in the business, it’s no surprise at all that Flour Mills of Nigeria has grown into the biggest Flour Mill in Nigeria, as well as the second largest in the world.

As experts in the sector, our main business activities revolve around flour milling, pasta production, the operation of bulk cement facility, the sale of bulk and bagged cement, the manufacturing and marketing of woven polypropene sacks, and the blending, sale and distribution of fertilizer. Over the years and through various acquisitions and amalgamations, Flour Mills has experienced an extraordinary growth in its corporate structure, securing our current position as a giant in the flour milling industry.

We focus on maintaining and growing the largest share of Nigeria’s bread flour and biscuit flour markets and adding significant value to our core business of flour milling in Apapa and throughout Nigeria via our group companies. With an unwavering dedication to quality and customer service, Flour Mills truly believes that a strong relationship with employees and customers is a critical prerequisite for mutual growth, and that’s what makes us anything but run-of-the-mill.

We believe in Nigeria’s tomorrow

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INDUSTRY

Quality is the key to success

One of the biggest success stories outside the oil and gas sector is Flour Mills of Nigeria with activities ranging from wheat products to cement and fertiliser.

A series of acquisitions, amalgama- tions and buyouts have made Flour Mills of Nigeria one of the largest conglomerates in the country and one of its biggest employers. In recent years, the company has recapitalised and made huge investments in rehabilitation and refurbishment to equip itself with new mills and state-of-the-art equipment. With its new plant, it will become the leading flour mill in the world in terms of capacity.

In addition to providing flour and wheat products like pasta, the firm has diversified into providing bulk and bagged cement, fertiliser and woven polypropylene sacks for the domestic market. More recently it has been extending its activities into ports operations. Its subsidiary companies include Northern Nigeria Flour Mills, the Golden Pasta Company, Burham Cement, the United Cement Company of Calabar (UNICEM), the Nigeria Bag Manufacturing Company (BAGCO) and the Golden Fertiliser Company of Nigeria.

Flour Mills was incorporated as a private enterprise in 1960, but later converted to a public company in 1978. Since then it has gone from strength to strength with a turnover that rose from 53.6 billion naira (£230 million) in 2004 to 66.8 billion naira (£110 million) in 2005. At the same time, the group is driving down its costs. Last year it signed an agreement with Gaslink Nigeria for a supply of natural gas that will save its companies an estimated 40 per cent on the cost of diesel fuel.

While wheat products are still the most important, contributing 60 per cent of turnover for 2004, the group is developing its cement interests, which now account for up to 40 per cent of turnover.

The federal government is eager to encourage the development of the domestic cement industry and announced a ban on imports from January this year. In light of this, Flour Mills has switched the focus of its cement operation from importing and distributing to manufacturing. The company is working in collaboration with its technical partner Holcim of Spain, one of the world’s biggest cement companies, and Orascom Construction Industries (OCI) of Egypt.

Flour Mills holds a 30 per cent stake in the United Cement Company of Calabar (UNICEM), which took over the former Calabar Cement Company plant in Cross River State, in southeastern Nigeria. The original plan was to upgrade the factory but then it was decided to go for a brand new plant closer to the area where it sources limestone. Construction is currently under way on a £200 million plant with an annual production capacity of 2.5 million tons.

Flour Mills is playing a prominent role in the federal government’s ports reform programme in which operation of the ports is being transferred to the private sector. Last year the company signed a concession agreement with the Bureau of Public Enterprises for a 25-year lease of the A and B terminals at Apapa Port, which it is rehabilitating and modernising. In partnership with the Dangote Group, it is also applying for the Calabar ports concession.

Cement imports are banned to encourage the development of Nigerian producers.

Flour Mills of Nigeria made huge investments in its mills, installing state-of-the-art equipment to improve quality and reduce costs.

INTERVIEW

Emmanuel Ukpabi
Managing Director of Flour Mills of Nigeria

What is the company philosophy?
Whatever we are going for, we go for the best. Quality is the most important aspect and then service delivery and customer satisfaction. These are the aims that drive us.

For years, we have had the best flour in Nigeria. Our pasta can be compared to any pasta in the world. Our fertiliser is the best in the country. The Bagco super sack is the largest in Africa and the best quality. Whatever we are doing we want to do it well.

Why was it so important to diversify and to update the flour mills?
We decided to diversify into other products so that if other companies compete with us in flour, we would have other product lines and continue to grow.

In order to compete effectively with the new mills that are coming up we had to bring in state-of-the-art equipment and improve our labour force. In fact, what we have done is to remodel the mills. Where once we needed 50 people to run a mill, we now need only nine and are producing better quality products.

Do you have plans for further expansion of the group’s activities?
We have to expand if we want our business to continue growing. There is so much potential in this country and we want to exploit it as much as possible.

It is our intention to expand the flour mills in Calabar. We have a lot of activities going on there. That is why we need that port concession. We could move cement from the Calabar Port to Equatorial Guinea, and to all areas of the west coast.

We have to look outwards into the West African sub-region to be able to sell our products. Our sales people are already there and the market is very large. With pasta, we are already exporting to other West African countries and we are starting negotiations to sell to South Africa.

Our expansion strategy is also focused on our polybags product from Bagco. We have retooled and the company has state-of-the-art facilities now. We are also looking for technical partners in fertiliser manufacturing.
Masterplan to transform the Niger Delta

Located in the southwest, the Delta comprises nine of Nigeria’s 36 states. It has an estimated population of about 20 million, divided into 3,000 communities. Commercial quantities of oil were discovered there fifty years ago, but decades of neglect have left the area the least developed part of the country, blighted by poverty, economic stagnation and pollution.

Farming and fishing have been damaged and the people of the Delta have gained little advantage from the exploitation of their homelands. The recent outbreak of hostage-taking and attacks on oil facilities and clashes with security forces is just the latest expression of a long simmering sense of injustice and frustration, compounded by unemployment among local youths.

Emmanuel Aguariavwodo, Managing Director of the Niger Delta Development Commission (NDDC) acknowledges that past experiments to revive the area failed. “The years of neglect had rendered whatever infrastructure that was in place obsolete and made the people of the region wonder whether they were part of this enterprise called Nigeria.”

He says the need to start redressing the situation was recognised early by the Obasanjo administration. The bill to set up the NDDC to spearhead change was the second to be sent to the National Assembly after the Anti-Corruption bill.

An integrated strategy to achieve the transformation from poverty to prosperity is contained in a recently launched 400-page masterplan. The aim is to accelerate development in the Delta, focusing on four key areas: industrialisation and economic growth, human and community needs, the environment and physical infrastructure.

A guiding principle is the active involvement of the people of the region. This is to be achieved through a partnership involving the public sector, private sector and the civil society. “The strategy recognises the need for the people to be in the driving seat of their own development,” says Mr. Aguariavwodo.

Designed to fit in with the National Economic Empowerment Development Strategy, the blueprint is intended to harmonise the activities of all the agencies of development in the region. Included on the NDDC board, sworn in April last year, are representatives of the local communities, federal states and local governments, the oil industry, the international community, NGOs and donor organisations.

A timeframe will be put on the commencement and completion of projects. “The masterplan will be implemented over a period of 20 years,” Mr. Aguariavwodo explains. “Every five years, we will review where we are in terms of development with all the partners and focus on the next stage.”

Action has already been taken under an interim plan with a series of projects providing schools, hospitals, roads, jetties, canals, and water and electrification schemes. Previously abandoned schemes have been completed and hundreds of new ones have been commissioned.

Agricultural initiatives include a massive boost for cassava production, provision of fertilisers and a community-based natural resources management programme. The cassava project alone will create more than 20,000 jobs.

Priority projects include securing a steady power supply, creating educational centres of excellence, promoting small and medium-sized enterprises, dualising the East-West Road, strengthening democratic governance, the combat against HIV/AIDS and developing sporting activities. Other initiatives focus on economic empowerment and skills acquisition.
Located within the Niger Delta, Akwa Ibom State is a key member of the South-South zone, which accounts for more than 90 per cent of Nigeria’s wealth. Rich in oil and natural gas, the state plays host to ExxonMobil, Shell, Chevron and Elf and is the source of over 28 per cent of the national output of crude.

However, Akwa Ibom is rich in more than oil and is eager to attract investment to advance its development. The soil offers a range of mineral resources from gold, limestone and clay to salt, coal, silver nitrate and glass sand. An abundance of arable land and a favourable climate provide the right conditions for year-round agriculture.

Major improvements in infrastructure have been made since the administration of Victor Attah came to office in 1999. A massive rural development plan is ongoing, including education and health projects and improved access to water and electricity. A network of roads has been created, opening up the state and providing access to markets.

Mr Attah’s administration is committed to creating the right environment to encourage the growth of private enterprise and attract foreign investment. The governor sees private sector-led industrialisation as the key to expanding production capacity, creating employment and promoting technology-driven development.

The Akwa Ibom Investment and Industrial Promotion Council (AKI-IPOC) has secured the backing of a number of strategic partners and core investors in developing local industries. A Strategic Economic Empowerment Fund (SEEF) has been set up to provide financial support to small and medium-sized enterprises.

Two projects with far-reaching implications for development are the building of an independent power plant (IPP) and an international airport with an aircraft maintenance facility (see panel). The power plant, designed to generate 685 megawatts of power from Akwa Ibom’s abundant gas resources, will boost industrialisation and act as a precursor to the construction of two refineries, one producing 12,000 barrels per day (bpd) and a larger one with a capacity of 100,000 bpd. The first will be half-owned by the state government, the second wholly privately owned.

Already established is a state-of-the-art science park – one of the first in Africa – aimed at launching the state onto the information technology highway. There is also a university of science and technology with a particular focus on oil-related and marine activities.

Most of the 2.5 million people who live within Akwa Ibom’s 3,248 square miles practise subsistence farming. The state government has set out to revolutionise the agricultural sector, and to realise its potential both as an alternative foreign exchange earner to oil and provider of food and employment.
Making the most of its resources

Funds have been poured into a variety of initiatives to establish small-scale farming businesses and community plantation farms, and farmers have been supplied with subsidised fertilisers and cheap seedlings.

There is huge potential for production of tree crops, such as oil palm, cocoa and rubber. Private sector investment is also being encouraged in livestock, poultry and fish farming while cassava production is being boosted as a potentially lucrative sector. The Ibom Rice Company has been launched to turn the state into a major producer and exporter of rice. The $12 million (£6.9 million) project is expected to produce 10 tons of rice per hectare from its rice farms and mill for both domestic consumption and export.

A flour mill is to be constructed and operated by a New York company backed by a loan from the US Overseas Private Investment Corporation (OPIC).

The technology park will also create a solid foundation to raise the calibre of manpower for the immediate and long-term needs of the state economy.

What was the thinking behind the establishment of the science park?

I took a look at what has happened in Silicon Valley and the science triangle in North Carolina. I really believe we can repeat the same experience here. Software development, for example, is a big money earner. The technology park will also create a solid foundation to raise the calibre of manpower for the immediate and long-term needs of the state economy.

How important is it to build the new independent power plant?

It is our firm conviction that we can repeat the same experience here. Software development, for example, is a big money earner. The technology park will also create a solid foundation to raise the calibre of manpower for the immediate and long-term needs of the state economy.

What were the challenges you faced when you took up the post of State Governor six years ago?

There was a lot of catching up to do in many areas. Basic infrastructure such as transport, power supply and telecommunications was not in place and we had to start making improvements at many key levels. One of our first priorities was to increase the road network tremendously and this we have done all over the state. We have many projects that are ongoing.

How are you developing the agriculture sector?

In order to position agriculture as a major source of revenue, we are putting a lot of emphasis on plantation agriculture, with specific attention to tree crops such as cocoa, rubber and oil palm. Cassava will be a major cash crop and foreign exchange generator.

We have put a Community Plantation Development Scheme (CPDS) in place, whereby communities donate land which is then used by government to establish agricultural estates. Also we have committed more than 300 million naira (£1.4 million) towards the production of seedlings and the purchase of machinery and pest control materials.

What areas are being targeted by the Akwa Ibom Investment and Industrial Promotion Council?

The chief areas of interest for AKIPOC are the strategic industries such as oil and gas, telecommunications, agriculture and empowerment programmes. Large-scale commercial projects that AKIPOC has supported so far include Akwa Petrochemical and Energy Company, a holding company involved with planned refineries and an independent power plant. AKIPOC also is the state’s chief promotion agency, having led many trade missions to foreign countries. Recent missions have taken place in China, the United States, India, Syria, Ukraine and South Africa.

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It is our firm conviction that with 24-hour uninterrupted power supply, and given all the other enabling circumstances, Akwa Ibom State will become a choice location for industrial enterprises.

Private-sector led industrialisation is the key to increasing production and jobs

A world-class 18-hole golf course has been built to complement a new 3.4 billion naira (£16 million) five-star hotel and marina run by the Le Meridien group, and the entire complex will eventually be privatised.

INTERVIEW Governor Victor Attah

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Plans to create aviation hub

A key project in the development of Akwa Ibom is the building of a £170 million international airport and aircraft maintenance facility aimed at turning Akwa Ibom into a regional hub for aviation.

The project is a public-private partnership between the state and Texas-based DynCorp International. One of the first privately funded and operated airports in Africa, it is intended to become a regional air-cargo centre and to provide major African airlines with cost-effective fleet maintenance services at all levels.

It will also improve the safety of Nigerian aviation and is fundamental to the development of Akwa Ibom’s nascent tourism industry.

The project will be carried out in two phases. Phase One includes a 4,200-metre runway, taxiways and an air-traffic control tower. It also incorporates the aircraft maintenance, repair and overhaul facility, which will be able to accommodate two 747-400 aircraft and will be used for full-service aircraft maintenance.

Phase Two will include a cargo facility, a terminal building, an aircraft maintenance and repair hangar, a free-export processing facility and a 300-room hotel.
CROSS RIVER STATE

Changing the face of tourism in Nigeria

Ambitious plans to create a world-class business and leisure resort have put Cross River State on the map.

Cross River State has undergone a remarkable transformation since the present state administration first took office in 1999. Under Governor Donald Duke, substantial investment has been made in roads, electricity, potable water, education, health and the environment. The focus has been on creating a conducive environment for businesses to thrive and to develop a market-driven economy with greater financial independence from the federal government.

“We are developing the non-oil sector to boost our economy and to generate employment,” the governor explains. Tourism and agriculture have been identified as the sectors with the greatest potential for increasing local prosperity. Situated in the oil-producing Niger Delta, Cross River State is generously endowed with arable land, a rain forest and a climate that encourages successful agriculture.

However, it is the administration’s ambitious plans for tourism that have put the area on the map. “The state is naturally endowed with tourism sites and can readily be transformed into a highly attractive and profitable tourism destination in the very near future,” predicts Mr Duke.

By the end of this year, the state government will have spent more than 61 billion naira (£288 million) on tourism development. The governor believes that by 2010 Cross River will become the preferred tourism destination in West Africa.

The centrepiece of these plans, and the governor’s personal brainchild, is the Tinapa Business Resort. A world-class development, it is modelled on similar resort centres in Dubai, Hong Kong, Singapore and Sun City in South Africa. Billions of naira have also been committed to the state’s other major tourism projects.

Resort will be trading hub for the

Extending over more than 80,000 square metres, the Tinapa business resort will include an international standard shopping complex the size of 16 football pitches. In addition to wholesale and retail outlets, the resort will feature an entertainment centre with cinemas, a casino, hotels, bars and restaurants. It will have both indoor and outdoor leisure facilities, including landscaped gardens, a water park, a golf park and a cultural village.

The resort is positioned by the Calabar river and adjacent to the Calabar Free Trade Zone (CFTZ), allowing investors to capitalise on the area’s manufacturing, wholesale, retail and import opportunities. Indeed, Tinapa will incorporate a Special Purpose Vehicle (SPV) for investment purposes, which will be granted free trade zone status; investors will benefit from a range of incentives, including tax exemptions.

The resort will provide state-of-the-art facilities for trading and distribution, including four warehouses with a combined rentable area of 168,000 square feet. It will offer access not only to the large domestic market of Nigeria itself, but also to the huge regional markets of West and Central Africa. It is forecast to become a hub for retail and wholesale commercial activity within the Economic Community of West African States (ECOWAS).

Construction will be carried out in
attraction, the Obudu Cattle Ranch Resort. The two projects together are reckoned to be capable of generating an average annual income of 30 billion naira (£142 million) and more than 5,000 jobs.

A market and financial feasibility study conducted by KPMG estimates that Tinapa alone could attract 1.6 million people per year. It is expected to be a mecca for shoppers, traders, wholesalers, business travellers and also domestic, regional and international leisure tourists.

For Mr Duke this means an opportunity to realise one of his most cherished ambitions and the state’s financial dependence on Abuja. “The cardinal aim of our tourism initiative is to create both wealth and employment opportunities,” he says. “It is our belief that five years after the two projects come on stream, Cross River State will have found a source of revenue other than the federation account.”

The federal government is giving the scheme its support and has promised to undertake an aggressive marketing campaign for the project. Almost 100 per cent of the development will be private sector owned. Tinapa Business Resort Limited (TBRL), a limited liability company, will serve as the holding company for the development and general management of the project. It will also handle negotiations with prospecting tenants, marketing, resort management and maintenance.

The state and its agencies will be limited to a maximum of 10 per cent of the total shareholding of TBRL, with the remaining 90 per cent being held by local and international and individual investors. Equity funding is being raised through private placement and a planned initial public offering (IPO), which is expected to raise approximately £58 million.

Sam Anani, CEO of Tinapa Business Resort, sees the focus on partnership between the public and private sectors as crucial to the success of the tourism sector. “This is why you see the positive results we have today. This is why we are probably the best tourist destination in Nigeria today.”

According to Mr Anani, the project is attracting strong interest internationally, both from potential investors and tenants. “From the financial investor to the tenant investor to the consumer, Tinapa offers limitless opportunities,” he says.

Private investors will hold 90 per cent of the total shareholding
Nigeria is one of the largest and fastest expanding telecommunications markets in the world. Five years ago Nigeria’s level of teledensity was among the lowest anywhere, with only one telephone line to 250 people. Since then four GSM mobile operators have been licensed and Nigeria now has around 10 million GSM lines with more being issued every day.

Suburban Telecom, which supplies transmission capacity and services to mobile operators, fixed-wireless carriers, public telecommunications operators and large corporate users, numbers three of Nigeria’s four GSM mobile operators among its clients.

The company operates a nationwide satellite-based network and is set to roll out a fibre-optic network across the country to increase its transmission capacity and provide flexibility and support for new services.

According to Managing Director and Chief Executive Officer Bruce Ayonote, the new network will help to take Nigerian telecommunications services into a new era. “We are supporting companies like Mtel, MTN and V-mobile, providing their cellular back-up services and linking their base stations and switch sites. We have developed about 40 satellite earth stations around the country.

“We see the need for a move from traditional technology to a much more sustainable technology in terms of capacity costs. Building a national fibre-optic network is paramount to our business development and sustainability. We aim to achieve complete coverage of Nigeria in 18 months.”

Since it was incorporated in 1999 the company has experienced phenomenal growth. “We constantly look at how technology, strategies and markets have developed by trying to adapt quickly and link them,” says Mr Ayonote.

“We make sure to cater to the needs of the market. Following the trend globally has helped us to have an advantage over other companies in our industry. In terms of human resources, we have highly specialised engineers with skills for network building support consultancy. “We have international businesses that concentrate on operations outside Nigeria. We just completed the acquisition of a UK company and that will help us go deeper into Europe to make our reach more global.”

International companies participating in the project include technology suppliers Hua Wei of China and ATC, a South African cable manufacturing company, who are providing technical and operational expertise. “On the advice side we have the consulting arm of British Telecom. We also have CISCO Systems helping us on the metropolitan network,” says Mr Ayonote.

Suburban is also involved in the development of Nigeria’s capital, Abuja, into a Wi-Fi centre for the country in a public-private partnership with the federal government. “The backbone is built around the whole of Abuja right now. Once it is completed, there are plans to move on to other cities throughout the country.”

www.suburbantelecom.com
Eko Hotel & Suites is the largest hotel in Lagos, the economic and commercial centre of Nigeria. Occupying a prime site in Victoria Island, the hotel offers 640 rooms in the city's exclusive business and residential district. It also boasts extensive conference facilities, including a large ballroom, an exhibition centre and private meeting rooms, making it a preferred venue for corporate functions and product launches.

You have 30 years experience in the hotel industry and have worked in many parts of the world. How do you find working in Nigeria?
I must confess that I have never worked in a country like Nigeria, as I had always worked in countries with higher living standards. I actually started my career in the Savoy in London after two years apprenticeship in France. Since then I have worked in Tahiti, Senegal, Dubai, Mascate, the Sultanate of Oman, Egypt, and Indonesia. Coming here was interesting and has been the most challenging job I have ever had.

What prompted the recent addition of the Eko Suites extension?
Eko Suites was built because there was a gap in the market for luxurious accommodation to attract the top-edge travellers. Today, it is considered to be the best accommodation in Nigeria. Eko Suites was opened with the best material and latest technology you could find in the country and we have made sure that the standard of service matches the quality of the product.

Lagos is an important centre for business tourism. Are you expanding your facilities for conferences, meetings and exhibitions?
We do a lot of exhibitions and big events. We have a ballroom which can accommodate 500 people and an exhibition centre with capacity for over 1,200 people. We are very well equipped. However, we do have a new project that we are working on now. We have plans to build a new exhibition centre with capacity for over 2,000 people and we will be able to divide it into three. That means we can have different events going on in the building at the same time. This facility will be by far the best in Nigeria.

The hotel has spent a huge amount on renovation. What has been your goal here?
My goal has been to upgrade it to international standard. Eko Hotel has been the biggest hotel in Lagos since it was built about 30 years ago. It has been through ups and downs during that period and has been run by different companies, but it has never been so successful as it is now as an independent hotel.

The owners have invested a lot of money. Whatever I have needed in terms of money or other support, I have never been turned down. This is the key to our success and we have now been named best hotel in Nigeria for the past two years!
Nigeria is Africa's leading oil producer and a key member of the Organisation of Petroleum Exporting Countries (OPEC). Its present share of OPEC production is about 8 per cent but with plans to almost double its output, it will be pressing for a higher quota allocation. Nigeria's current oil-producing capacity is 2.6 million barrels per day (bpd), but Minister of State for Petroleum Resources Edmund Daukoru, who is also OPEC's president, says it will rise by 23 per cent by the middle of this year and should hit four million bpd in 2007. The government's target is to increase proven reserves from 35 billion barrels to 40 billion barrels by 2010. According to the Nigerian National Petroleum Corporation (NNPC), investment of around £4 billion per year will be necessary to fund exploration and development. Joint ventures account for 95 per cent of Nigeria's crude oil production. The biggest foreign oil producer in Nigeria is Royal Dutch Shell, whose new Bonga deepwater field finally came on stream in December last year and is expected to peak at 225,000 bpd. Other deepwater fields are set to follow. ExxonMobil, which is developing the Erha field, says its production will rise from 500,000 bpd to one million bpd.

Deepwater boost for production

The coming onstream of Shell’s Bonga field is the latest chapter in an association with Nigeria going back more than half a century. Located 75 miles off Nigeria’s coast in depths of more than 3,000 feet, and extending over an area of 230 square miles, is Royal Dutch Shell’s giant Bonga oil and gas field. Production facilities comprise 16 deepwater wells connected to one of the world’s largest floating production storage and offloading vessels, with the capacity to hold two million barrels of crude. Developed at a cost of £2.1 billion, Bonga started pumping oil for export to the US and European markets in December last year. Its output will make a major contribution towards the federal government’s aspiration to raise national crude oil production to four million barrels per day.

Through a combination of expertise, drive and excellent leadership, we have capitalized on our specialist strengths across the economy and will continue to surpass performance expectations to become the leading oil service company in the business.

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Oil dominates but the gas sector also offers a major opportunity

6,000 barrels of crude oil per day in 1958, when the first cargo of oil was exported, the rate of daily production by the company has steadily increased to an average of more than one million barrels per day. The largest joint venture company in Nigeria, it pumps nearly 50 per cent of the country’s output of crude and holds approximately 50 per cent of its total oil and gas reserves.

Shell has invested heavily in local training programmes. SPDC employs more than 4,000 people – the vast majority Nigerians – and a further 15,000 are retained through contracts. Nigerians currently make up around 75 per cent of Bonga’s core offshore staff.

Chima Beneche, Managing Director of SNEPCO, said recently that it is also expected that Nigeria will attract 40 per cent of the total £28 billion of deepwater spend over the next five years.

While oil dominates, the expansion of the gas sector represents a major opportunity for both Shell and Nigeria. Over the last five years SPDC has made a significant investment of more than £1.2 billion to develop major associated gas gathering projects.

Much of this investment has been dedicated to SPDC’s role as the lead partner in the Nigerian Liquefied Natural Gas (NLNG) export plant on Bonny Island, which has successfully supplied both North American and European markets for the last six years. With discussions under way for a seventh and eight production train, NLNG is set to become the second largest LNG complex in the world, and the fastest growing.

Through its subsidiary, Shell Gas Nigeria, Shell has taken the initiative in the downstream market, becoming the major contributor to the realisation of natural gas taking over from liquid fuels and becoming the first choice fuel of Nigerian industry by 2010.

Shell’s onshore activities are centered on the Niger delta in the southwest of the country.

Investment in community development totals $25m

Shell’s dominant position in Nigeria’s oil industry and its key role in the economy as a whole entails huge responsibilities. One of the ways in which it attempts to meet these is through its Sustainable Community Development (SCD) programme, in which it has invested a total of $25 million (£14 million).

Focused on the Niger delta, the programme includes initiatives on health, economic empowerment, education, agriculture, job creation, women’s programmes, youth training and sponsorship.

Emphasis is placed on partnerships, not just with the communities themselves, but also with government and strategic local and international development organisations and non-governmental organisations (NGOs).

SPDC recently entered into two such partnerships: with USAID, a 5-year $20 million (£12 million) agreement that will develop Nigerian capacity in agriculture, health and business enterprise; and with Africare, a 3-year $4.5 million (£2.6 million) partnership that will focus on reducing deaths from malaria.

SPDC has signed an $11 million (£6 million) Cassava Enterprise Development Project with USAID and the International Institute for Tropical Agriculture (IITA) that has the potential to increase the income of farmers in the delta two-to-three-fold.

SPDC sees itself as being at the forefront of the federal government’s initiative to advance indigenous involvement in the oil and gas industry and has made significant moves towards the use of Nigerian contractors for services such as the provision of drilling rigs, workover units, drilling, well completion, dredging, facilities construction and fabrication.

Approximately $727 million (£421 million) worth of contracts were awarded to Nigerian companies in 2004, with 20 per cent of these coming from the delta.

SPDC has also established training schemes to equip technical school leavers and university graduates with the skills to work in the industry.

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New rules will boost work for indigenous firms

One of the most important issues being confronted in Nigeria’s energy industry today is the need to increase the participation of indigenous companies and manpower. The federal government is eager to raise the level of what is termed ‘local content’ in the oil and gas sector. By so doing, it aims to promote entrepreneurship, build the financial and technical capacity and self-confidence of local firms and increase employment opportunities for Nigerian youths.

By ensuring that more projects go to Nigerian companies, the government also aims to arrest a massive flight of capital from the country as the multinationals look to foreign companies for technical services, materials and equipment rather than to Nigerian firms. Nigeria invests an average of £4.6 billion a year in the oil sector as its equity contribution to joint venture projects, but currently only 10 per cent of it benefits the Nigerian economy.

The government is taking action to change that. Under new federal guidelines, issued at the end of last year, Shell, ExxonMobil, Chevron, Total and Agip have been directed to relocate project-management teams and procurement centres for all their local upstream projects to Nigeria.

Chinese deal will fund exploration

Indigenous oil firm Sapetro plans to spend cash on development of new fields

Although crude oil production began in Nigeria some forty years ago, there is hardly any indigenous presence in the upstream oil industry and Nigerians are only now beginning to gain a foothold downstream. All the more notable then is the success of South Atlantic Petroleum (Sapetro) which, having established itself as a leading exploration and production company in a relatively short time, recently concluded a mega-deal with China National Offshore Oil Corporation (CNOOC).

CNOOC agreed to pay Sapetro 2.3 billion naira (£10.8 million) for 45 per cent of Nigerian oil mining licence (OML) 130, which includes the Akpo deepwater oil field, one of Nigeria’s highest potential deep offshore fields. The deal is the largest to date by the CNOOC, which is targeting African oil producers like Nigeria in its drive to secure overseas reserves.

“My aspiration is to use Akpo as a springboard, not only for developing the rest of the block, only one-half of which is explored, but also to develop the Seme oil block in the Republic of Benin with the proceeds,” says General Theophilus Danjuma, Sapetro’s Chairman.

The multinationals will also be compelled to use Nigerian companies for technological projects. The Nigerian National Petroleum Corporation (NNPC) will no longer approve projects without a binding agreement by the contractor with a local firm. In future, a minimum of 50 per cent of the total tonnage for floating, production, storage and off-loading (FPSO) topsides must be fabricated in Nigeria. Fabrication alone has the potential to create 10,000 jobs in the next three years.

New rules will also increase the percentage of Nigerians employed in the industry in managerial, professional and supervisory positions.

The government’s target is to raise the level of Nigerian content in the oil and gas sector from around 15 per cent at present to 45 per cent by the end of this year and to 70 per cent by 2010.

At the forefront of the drive to increase local content is the Petroleum Technology Association of Nigeria (Petan), an umbrella group for businesses providing specialised technical services to the industry. The association has criticised the response to the increasing participation of local firms by multinational oil producing firms operating in the upstream sector.

Petan’s Chairman, Pedro Egbe, says: “Nigerians have the duty and responsibility to develop their country and create wealth for Nigerians.”

In the oil services sub-sector, companies such as Drill-Petrodynamics, Pelfaco, Oilserv and Nestoil have already established reputations through their work with the leading players in the industry.

Located 100 miles off the coast of Port Harcourt, Akpo is estimated to have condensate reserves of over 650 million barrels and commercial natural gas reserves of 2.5 trillion cubic feet.

When fully operational in 2008, the field will pump 225,000 barrels a day, accounting for 9 per cent of Nigeria’s oil output. The cost of developing the field is put at £2.3 billion. CNOOC has said it will contribute more than £1.3 billion.

General Danjuma, a former defence minister in the first term of the Obasanjo administration, was awarded OML130 (formerly oil prospecting licence (OPL) 246) in 1998, during the military rule of General Sani Abacha. In 2004, the Nigeria National Petroleum Corporation (NNPC) took a 50 per cent stake in the block, in which Total of France and Brazil’s Petrobras also have holdings, subsequently agreeing a 20-year production sharing contract (PSC) with Sapetro.

Sapetro retains a 20 per cent stake in the other half of the block, along with Total and Petrobras, and is eager to explore other fields within it. The company bid successfully for the Seme oil block in the neighbouring Republic of Benin in 2004.

General Danjuma’s vision is for Sapetro to become the foremost indigenous producer of crude oil and gas in the West African region. He also has plans to go into the downstream sector by setting up an export oil refinery and a petro-chemical plant. “I will be looking for partners who have expertise in the running of the plants and also marketing of the products.”

The general says he believes it is time that British investors returned to the Nigerian oil and gas sector, although he adds: “They will find the competition, especially from oil-hungry Asia, a little stiffer than before, but the returns are better than almost anywhere else in the world.”
Starting off as a downstream oil company, the Global Fleet Group had both the foresight and drive to make their business boom. New capital led to new ventures as they took the plunge into unchartered waters. With an ambitious and innovative team and an enviable flair for business, the Global Fleet Group has evolved into a highly diversified company, making a splash in a wide spectrum of sectors: from petrol stations to hotels and telecommunications to furniture manufacturing. Capitalizing effectively on openings in a multitude of markets has put us on the crest of the wave and the future is clear: OUR SUCCESS IS ANYTHING BUT FLEETING.

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ENERGY

Partnerships and progress

Although the indigenous oil sector has advanced considerably in recent years, the desire to learn, improve and grow remains strong among ambitious Nigerian firms and there is still room for international help in key areas.

Gesi Asamaowei, Managing Director of Pelfaco, a general services provider, believes British companies have led the way in the development of the gas industry in recent years, building fabrication tie-ups with local operators.

He sees strong potential for further links to improve skills training among Nigerian firms in this area and across the board. “It is a two-way thing,” he says. “UK companies stand to benefit as well as the locals. They have to partner with the right people and the earlier they come here and open shop, the better for them.”

Pelfaco already provides a wide range of services to the industry, though it is always keen to expand its reach. It offers land and swamp-based pipeline and flowline expertise, including construction of manifolds and support materials, fabrication of piping materials and general steel works, among other things. It also boasts a marine services fleet for pipeline and associated work in the oil-rich swamp areas, plus dredging works and offshore electrical and instrumentation works.

Among the larger projects it has provided are full turnkey civil engineering construction and project management, offshore facilities maintenance and jacket and deck installation. For customers, it offers base facilities and private jetty space for loading and stacking operations.

Mr Asamaowei says that partnering international firms has opened doors for Pelfaco – it has a strong relationship with Saipem, a division of Italy’s Agip – though the emphasis is on building its own strengths. “This has given us a tremendous opportunity to acquire know-how in a short period.” Although the company has dealings with some British firms, it is keen to see more contacts develop.

One of the main stumbling blocks holding back the indigenous oil sector is its lack of access to affordable financing. “I do not know many companies that can raise $25 million (£14 million),” says Mr Asamaowei.

This might sound a lot to the individual, but it is small fry for the energy business. Some of the proposed liquefied natural gas projects in Nigeria’s new deepwater fields.

Already one of the leading indigenous oil service groups in the country, Nestoil is preparing to get involved in major engineering projects.

Amazon Energy is an indigenous world-class engineering, procurement and construction company contributing to the development of the Nigerian oil and gas industry through innovation and technological advancement. As a fully diversified service company it offers totally integrated services for engineering projects and services, consulting, field development, engineering, construction, conceptual engineering, FEED and small/medium sized EPC projects. Strategic alliances with specialist consultants and joint venture partners bolster our drive to be the very definition of quality expertise in our industry.

Ready to move on to bigger projects

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Like most indigenous firms, Nestoil started small, beginning in petroleum product marketing in 1991. Within five years it had developed into a full oil services company delivering services to all sectors of the oil and gas industries.

“We started off as an oil service company with two clear areas in mind: the environmental management aspect of oil companies, as well as the areas of civil and mechanical engineering,” recalls Ernest Azudialu, the group’s President and Chief Executive Officer. “Operating in these areas, we were getting projects in almost every part of the industry.”

Since then Nestoil has built a strong track record of key projects for leading players in the industry, including both state-owned companies and joint venture operators such as Shell, MPN, Chevron, Agip and Texaco. Currently, the company is engaged on 15 projects at various stages from commission to near completion.

Nestoil has diversified into a variety of different areas in the industry. Its areas of expertise range from civil and structural engineering, mechanical and electrical projects to chemical and production engineering, geotechnical work and pipeline engineering. It has its own jetty and fabrication facilities and marine equipment.

It supplies a wide range of technical equipment for oil field operations, refineries and petrochemical plants, as well as spare parts, chemicals and couplings. Recently it made the move into the upstream, by acquiring a 10 per cent share in an oil block through the local content vehicle.

Mr Azudialu says Nestoil is now trying to reduce its involvement in civil projects and develop further into mechanical engineering projects.

“We have been involved in a lot of flow station refurbishments for some of the leading companies in the industry, and in the laying of pipelines for multinationals and maintenance of their storage facilities as well. We have been involved in some environmental monitoring facilities, especially for Shell; we built one of their plants in Warri, called Jebba Treatment Facilities.”

Now the company is seeking partners interested in getting involved in some of the major fabrication projects coming up in Nigeria. “We are looking at bigger pro-
Following in the tracks of the multinationals

Serving the oil and gas industry since 1963, Weco Engineering & Construction Company has more than four decades of experience in the Nigerian energy market.

Founded by a Lebanese trader, Amin Habib, who arrived in the country back in 1937, Weco is surely one of the earliest champions of Nigeria’s fast-growing indigenous oil and gas sector. Supported in the early days by Shell, among others, the company has flourished into a modern player serving most of the major names now operating in the country.

Weco specialises in composite mechanical, electrical and instrumentation projects, pipelines and the fabrication of structures for both onshore and offshore environments. The company supplies international standard goods and services to projects in some of the most challenging conditions.

Saadeh Habib, the company’s Managing Director, is proud of the way Weco has helped build the domestic skills base. He says one of the firm’s most important competitive advantages is its trust in local employees, in contrast to the legion of expatriates employed elsewhere. Indeed, many of Weco’s engineers have gone on to forge their own successful enterprises or have been snapped up by the multinationals.

The same is true on the manufacturing side. “One hundred per cent of our fabrication is carried out in Nigeria,” says Mr Habib.

Weco’s broad manufacturing business incorporates piping, used in flow stations and oil and gas plants, and structural fabrication. During the past decade, the company has also moved into the more technically demanding, but high growth, offshore segment, following in the tracks of the supermajors. “We are also into structural fabrications for offshore platforms, especially structures such as jackets, bridges and platforms, as well as flare booms.”

Aside from Shell, well-known clients include ExxonMobil, Chevron and Total, as well as some of the major drilling contractors operating locally.

Although all of its fabrication facilities are located inside Nigeria, the company has opened up a procurement office in Houston in the US and maintains solid relations with many international firms. There are no formal partnerships in place yet, but Mr Habib says talks are under way with a number of potential strategic partners to help the business grow in the future.

He believes that companies like Weco have every chance of making it big overseas if they can capture the opportunity now on their doorstep.

There are key constraints, not least the difficulty facing Nigerian firms in accessing affordable financing, but the government is fighting its case with the help of the World Bank.

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Ambition, expansion and exploration

The West African Bitumen Emulsion Company (Wabeco) is an indigenous Nigerian group active throughout the oil and gas chain. The company is involved in exploration, drilling, processing and exporting, with various plants and facilities inside and outside the country. It houses a formidable technical team of geoscientists, geologists and engineers as well as operations personnel, which underpins its diverse approach.

Wabeco offers services in all petroleum-related disciplines from the treatment of oil and gas, gas utilisation, gas re-injection and flare-out, to power generation and natural gas liquids extraction. Most recently, in its first foray into the upstream business, it was awarded a small equity share in an exploration and natural gas liquids extraction. It has entered into various strategic alliances with foreign companies with proven technical ability to be able to offer the best international standards to its clients. Its vision now is to grow into a company that is heavily focused on the energy market.

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One of Nigeria’s new breed of private enterprises, Amazon Energy is a company on the move. Totally Nigerian-owned, Amazon is an engineering, procurement and construction company that is heavily focused on the energy market.

Amazon is headed by Chief Executive Officer Olayinka Fawehinmi, a former engineer at the Nigerian National Petroleum Corporation (NNPC). During his time at NNPC, Mr Fawehinmi says he was learning his trade, preparing for the leap into business. When opportunities began to arise, he set up Amazon towards the end of 1999. “I’m a businessman, and entrepreneurs are risk takers,” he says. “That has really helped to fashion what we are today. Amazon was a business idea eight to nine years ago and today it has grown into a company.”

The firm has focused on providing high-level engineering services to oil and gas projects in Nigeria, though the intention is to expand to offer a full range of construction services. Its engineering office is one of the finest in the country. “We were the first Nigerian company to provide an all-Nigerian project management team for an ExxonMobil project.” For this particular venture, the Nigerian team was split across multiple locations, both in and out of Nigeria, for the duration of the project. Mr Fawehinmi says this work has created a platform for the future. Since then,
Amazon has completed a succession of projects for ExxonMobil, among others. Meeting the demands of such illustrious clients has stretched the company but provided a good grounding in the rigours of the industry. The company has also followed its clients into challenging new areas such as the offshore environment, where it is engaged in the marine contracting business.

"Most people in Nigeria do not know how detailed retailing can be, because it is not just a petrol station selling fuel," he says. "If you don’t have a brand it doesn’t work. We are putting all our training and experience into maintaining the high safety standard that Shell demonstrated to us. We’ll make a difference."

Amazon has teamed up with several British and Irish partners to further hone its offshore expertise. It also has a partnership with an American firm to provide technical manpower to major clients, with some working on Chevron’s flagship Agbami deepwater development.

According to Mr Fawehinmi, it is no coincidence that these services are offered through a third party. “The oil and gas industry is a worldwide business and the requirements are world class. There are no Nigerian standards and there is no reinventing the wheel.”

Despite this apparent disadvantage, even prejudice, Amazon – like numerous other indigenous firms – is making headway in breaking the mould. In the future, these types of strategic partnerships could evolve into more concrete joint ventures in which Nigerian firms begin to gain recognition.

Mr Fawehinmi sees them as a necessary step in achieving longer term objectives. “It’s a short cut to being able to provide what the clients and the industry require,” he says.

Pelfaco is a wholly indigenous company which is specialized in engineering, procurement, construction, installation, and maintenance of oil and gas facilities including dredging swamp areas of the Niger Delta. They are also one of the leaders in turnkey fabrication and construction services and are presently venturing into offshore oil and gas maintenance and project management.

Pelfaco has a facilities base located in Port Harcourt, Rivers State/Nigeria, with a stacking area of over 37 acres, berthing space with a water depth of 6.5 meters, a concrete jetty, and 15 warehousing units. This base is presently undergoing expansion and fabrication and office spaces are available to accommodate additional operational requirements of future clients who are willing and ready to invest in the expanding Nigerian oil and gas industry.

While Pelfaco’s sights are set on expansion through West Africa, Pelfaco is also looking to consolidate partnerships worldwide. With a strong foundation based on an unwavering commitment to corporate citizenship and operating purely on internationally accepted standards, Pelfaco guarantees safety, punctuality and customer service in their various projects and services. Through this winning combination of focus, dedication and efficient management, they have acquired relevant skills and exploited their foresight to rise to the top. And this is just the beginning.
Driven by technology

The secret of success for Nigerian drilling contractor Drillog-Petrodynamics has been its hunger for new technology as well as a consistent approach to quality and improvement. That is the opinion of Managing Director Ralph Ekezie, who sought back in 1990 when the company was first founded to redress some of the prejudices against Nigerian engineers among international oil operators.

The last 15 years or so have not been easy, but the company has persevered to achieve its current high standing. Mr Ekezie says the initial challenge was simply to try to bridge the technology gap. "Obviously you have to start in steps," he says. This meant beginning with borehole services, to locate the position of the well in the structure, before moving on to more complex directional drilling.

However, Drillog continues to push its technological boundaries, drawing on expertise from outside where necessary. "US companies have always played a role in providing us with the technology we require and then we purchase these technologies when they become commercial," Mr Ekezie comments.

As well as state-of-the-art technology, the company invests heavily in its personnel, a move that has enhanced its reputation among leading players like Shell Petroleum Development Company. Its engineers are now routinely packed off to the US for extensive training.

Technology and training have given the company its competitive edge.

From small beginnings to flagship firm

- Lonestar Drilling, established in 1993, is one of Nigeria's flagship indigenous drilling and rig workover services companies. Founded by Humphrey Idisi, the Port Harcourt-based firm is a major supplier to the local oil and gas industry, complete with its own rigs and transport fleet.

- The first Nigerian drilling contracting firm, Lonestar's origins can be traced back to the early 1990s when Mr Idisi took the opportunity to purchase several Shell-operated rigs and ancillary parts. A former Shell man himself, he combined his own extensive industry background with the new equipment to build a business that is now well and truly thriving.

- As a young man when first taken on by Shell, he admits, "At that time, I didn't even know what drilling implied within the oil and gas sector." The Lonestar Chairman and Chief Executive now controls one of the country's most sought-after indigenous oil groups.

- The company accounts for about 7 per cent of the Nigerian drilling market. It is the only significant local provider of rigs amid a sea of foreign operators.

After securing its very first job for a division of state-owned Nigerian National Petroleum Corporation (NNPC), Lonestar began to generate interest among the multinationals, building relationships that continue today.

- During the past 10 years or so, it has conducted drilling and workover assignments for most of Nigeria's big oil operators throughout the prolific Niger delta region and beyond. At the same time it has expanded hugely. The company now owns a large yard and jetty in Sapele, Delta State, to provide space for its land rigs, swamp barges, tugs and other support vessels. In February, it took delivery of two additional drilling barges from Maersk.

- As well as marine transport, it has a full complement of road haulers, cranes and trucks to facilitate rig moves throughout the locale. With Nigeria's oil and gas industry moving into overdrive its services are in high demand.

- What makes this even more impressive is that the company has succeeded in the face of competition from some of the world's largest drilling corporations, including Global Marine and TransOcean. These firms have even become customers, utilising

Energy

Local content must be the engine to fire the economy

It is part of a commitment to quality, says Mr Ekezie, "You have to really prove that you will be able to do it because as soon as you get out on a rig, you'll be costing people money."

As well as drilling, the company offers other services such as logging, well planning and well surveys. It has also made the leap into Nigeria's deep offshore territory, without any trouble at all. The company played a role in drilling the Shell-operated Bonga field, the country's first producing deepwater oil field. This project alone has won the company plenty of plaudits.

In one major new venture, Mr Ekezie says the company has linked up with US services giant Halliburton to offer its products locally, another testament to its abilities. "We are now at the forefront of the industry, in terms of the level of technology we have," he says.

Although adept at working with foreign enterprises in Nigeria, Drillog is nonetheless playing a leading role in the development of the indigenous oil industry.

"The local content policy must be the engine to fire the economy," says Mr Ekezie. "If it doesn't have any multiplying effect then it is just like getting the oil and selling it for cash."
Getting the most from oil fields

Well specialist firm Oildata Wireline Services boasts an illustrious client list of multinationals – including Shell, Chevron and ExxonMobil – that would make any Nigerian company proud. The company delivers customised solutions to improve well productivity, both in the local market and overseas. “In a nutshell, we fix bad wells,” says Managing Director Emeka Ene.

Oildata has enhanced productivity on hundreds of vertical, horizontal and multilateral wells, and achieved significant production gains and cost savings for its clients. As well as the supermajors, it is also helping independents and other niche players to get the most from their oil fields.

The company has been blazing a trail in this increasingly significant segment of the hydrocarbons business since 1994. “We were the first to introduce the concept of ‘rigless workover’ in West Africa,” says Mr Ene. “That is, the possibility of squeezing oil out of old wells or abandoned fields without using traditional rigs or equipment.”

By 1998, more than 100 successful rigless workover jobs had been completed in Nigeria, as the industry adopted Oildata’s techniques for marginal and mature fields. This innovation provided a platform for the company to expand its horizons.

The firm now offers its services across not only the booming West African oil and gas market, but also the Middle East and Latin America. Moreover, it has recorded a number of technical milestones that might not mean much to the layman, but effectively push the boundaries of the West African energy sector.

“Most people tend to think of oil as...”

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Without the need for a new rig, cost savings are huge

Continued from page 25

existing in a pool or reservoir many kilometres under the ground,” says Mr Ene. “You stick a pipe in the pool and suck the oil out.’’

The reality is that most hydrocarbon reservoirs produce a mixture of water, oil and gas in varying quantities. Over time, an oil well may well produce more water than oil is desirable, resulting in the need for some kind of intervention. Typically, this means shutting the well down and bringing in a workover rig to fix the problem.

“What Oldata does is to look at the well the way it is. We lower electronic sensors or tools into the well at the end of special armoured cables with data acquisition computers at the other end on the surface. Once the problem has been identified we install various mechanical devices or chemical resins to isolate the unwanted water or patch any holes or damaged sections. ’’

Naturally, without the need for a new rig, the cost savings are huge, he says. One measure of success is that Oldata has performed all of Chevron and Texaco’s non-rig well interventions and data acquisition requirements since 1996.

Mr Ene says the company was founded a decade ago with the intention of becoming a globally competitive, a vision that was made it easier to secure new business and move into other areas. Certainly ambition is not something that the company is lacking. Oldata has just taken its first steps into the exploration and production (E&P) market, signing up its very own American drilling firm keen to move into swamp drilling, a world away from Dallas. “They want to diversify to swamp waters under the ground,” says Mr Ene. “You are dealing with the current government policies. ’’

Looking for foreign partners

In some sense an early pioneer of Nigeria’s home-grown oil sector, Specialty Drilling Fluids (SDF) has emerged as a leader in one of the industry’s most important but largely unsung areas. Since its formation in 1991 the company has established itself as the foremost indigenous organisation engaged in oil field drilling waste management services.

“Through our services, the main oil companies are able to recover a lot of oil that would ordinarily have been wasted,” says Managing Director Tony Eze.

The company provides waste management services, mud engineering services, and the supply of drilling and completion chemicals for the energy industry. SDF has its head office and operational base in Port Harcourt, with facilities that include the biggest warehouse in the Trans Amadi industrial complex and one of Nigeria’s best-equipped laboratories.

In client list reads like a who’s who of the oil industry from operators Shell and Chevron to global services giant Halliburton. It is presently handling all waste management jobs for Shell Petroleum Development Company (SPDC) in a project worth £20 million. It has also played a role in some of Nigeria’s most important oil fields, such as SPDC’s Esc field in the Niger Delta.

With more than 23 years industry experience, Mr Eze returned to Nigeria from the United States to set up SDF and capitalise on areas and we are negotiating with them,” says Mr Okeowoosa. “All of these things are leveraged and based on our track record and ability to perform.’’

With turnover rising sharply, things are looking bright for the firm. It has benefited from its good reputation as demand for local content and services has risen from Nigeria’s main oil producers in recent years.

On the international front, Mr Okeowoosa says the company plans to raise its profile across West Africa, starting with Sierra Leone. As well as pure exploration, it is also looking at building storage and other petroleum facilities. Outside Africa, the company maintains representative offices in the US and Switzerland.

Conversely, for foreign investors looking in, he reckons Oilserv is an ideal partner to help tackle the Nigerian market. “There is a lot to be done here,” he says. “Investors should be willing to come in and offer their services. But part of that is to link up with local companies to establish a base here, or set up a fabrication and offer their services. But part of that is to link up with local companies to establish a base here, or set up a fabrication shop and facilities. In this way, they can effectively service the industry, now that it is more difficult to run it from overseas with the current government policies.”
have been able to attract the interest of some foreign operators in waste management, which is our specialty, but in drilling we would still welcome any partnership or collaboration with foreign companies," says Mr Eze.

It is a big challenge for the company, but one that it is ready to meet. It is also expanding its horizons across West Africa, with oil-rich Angola the most likely first target. “We are also looking at expanding into other African countries particularly Angola and Gabon. We are on the verge of extending our services to Angola because our research shows it is a fertile ground for our services.”

Providing a wide range of services to the oil and gas industry, from drilling fluid products to cementing and sand control, Western African (Weafri) finds itself in growing demand by the major foreign oil operators.

Weafri owns and operates a sizeable fleet of onshore and offshore machinery available to help operators with many of their most complex well requirements.

With American technical support, it has worked for many of the big name companies, including Agip, Addax and Chevron. The company now has a Houston presence to add to its growing Nigerian profile.

Chris Onyekwere, Weafri’s Executive Director, singles out Shell as the first major player to give the company a break, allowing it to bid for crucial projects. “Right now we are working for Shell and we are providing good quality services for them,” he says.

Over time, the company has proved its ability to compete. “We have the know-how, we have a history of good job performance, and we deserve to be given the opportunities. We deliver what the clients want, a quality service and at the lowest cost. That is what has kept us in the business.”

According to Mr Onyekwere, Weafri’s strengths lie in its absorption of new technologies, manpower and resources. The company has set its own standards that are comparable on any level, a point that operators have picked up on.

Although initial efforts to increase the stake of Nigerians in the oil sector may have been slow, Weafri is making up for lost time. Founded in 1988, the company has already witnessed a great deal of change as the Nigerian market has gathered momentum in the democratic era.

Huge investment in the local oil sector, and the development of the gas industry, has kept the work rolling in for local content firms. “This is the greatest thing that has happened to Nigeria,” says Mr Onyekwere.

But he believes that there is still huge potential for the company – and other indigenous players – to grow as the economy expands further. After spending around 20 years in the United States, Mr Onyekwere himself is in no doubt that progress is being made.

“A lot has improved in Nigeria,” he says. “Before I came here I thought I might be running back to where I came from within the year. But today I am satisfied with what is happening on the ground.”

The future looks bright with Weafri emerging as a market leader in certain niche areas, such as advanced cementing, primary well construction and coiled tubing well intervention. Mr Onyekwere says the company needs to stay ahead amid increasing competition by maintaining its high standards. “This is a competitive world,” he says. “When there is competition, the clients get the best service.”
ENERGY

Developing home-grown talent

Oil and gas may be a capital intensive business, with project costs frequently stretching into billions of pounds, but it is the people on the ground who make things happen. Staffing agency Hobark International, based in Port Harcourt, has carved out a niche for itself deploying engineers of all kinds and levels to top energy firms active in Nigeria and elsewhere. The firm currently has representative offices in the UK and the United States, as well as fellow OPEC member Venezuela. It also provides petroleum engineering and well service expertise to specific upstream projects, working with most of the well-known operators in the Nigerian sector.

Managing Director, Obioha Okoroafor, says the company has played a major role in raising the bar on standards among Nigerian oil workers. “If you look at the human resources in Nigeria, the potential is simply enormous.”

One of the determining factors in attracting Nigerian talent back to the country, however, is the ability to offer a competitive salary, often in excess of that available elsewhere. This is just part of the deal needed to raise quality at home, Mr Okoroafor believes. “We have a lot of Nigerians outside and inside the country who are very qualified and could fill very senior positions. Some might not be very technically developed at the beginning but our goal is to sharpen them and to train them to the highest international standards.”

It is this commitment to standards that has helped to establish Hobark in such a highly competitive sector since its formation back in 1998. The company now has a number of partnerships in place with international players to bring in expatriate staff. The managing director believes that this is simply enormous.

Nonetheless, the focus is always on developing home-grown talent from Nigeria’s vast pool of citizens. “The whole idea of international partners is to fill up the gaps within our organisation,” says Mr Okoroafor. “For Hobark to be able to satisfy our operators’ needs, we need to bring in expatriates where we are not able to get Nigerians.

“Nonetheless, the focus is always on developing home-grown talent from Nigeria’s vast pool of citizens. Even where foreign expertise is brought in, Nigerian workers are required to shadow in order to gain vital experience. Mr Okoroafor says the company’s aim is to gradually replace a large percentage of the people brought in from outside with well-qualified Nigerians, a vision shared by the government in Abuja.

“I would like to see Hobark expand to a level where we develop Nigerians to replace most of the expatriates working in our oil and gas industry,” he says. “We might not get 100 per cent of that, but if we can get Nigerians to occupy 60-70 per cent, that would be excellent.”

When foreign staff are brought in they are shadowed by Nigerians

Top energy operators in Nigeria rely on Hobark international for qualified workers

"The human resource potential in Nigeria is simply enormous’’

Obioha Okoroafor
MANAGING DIRECTOR
OF HOBARK

Yobe State: the pride of the Sahel

TOURISM
Culturally and historically endowed, Yobe State, in northeast Nigeria, is well-known for its impressive Sallah ceremonies, captivating Durbar festivals and the annual fishing and cultural festivals held in the Jakusko part of the state. Stunningly beautiful landscapes, historical sites and huge sand dunes in the Sahel offer untapped development opportunities, and investors are needed to further promote tourism.

AGRICULTURE
Exploitation of the rich agricultural resources found in Yobe State is highly encouraged by the government, which provides incentives and facilitates resource exports. Regarded as the largest producer of livestock and credited as having the largest markets in West Africa, agriculture is the people’s main occupation and also the backbone of the economy. Potential lies in the state’s production of groundnuts and high-grade Arabic gum. Investors are most welcome to develop the potential sectors and process these raw materials, especially livestock, cotton, sesame seeds and gum.

INDUSTRY
A variety of industrial opportunities await in Yobe State, as it is Nigeria’s largest producer of Potash a raw material for soda ash production. Spring water bottling plants could also take advantage of the State’s resources, which have the capacity to yield one billion gallons per annum. A new industrial estate with virtually free land in the capital of Damaturu has road networks, water supplies, telephone lines and electricity, making the environment even more conducive for industrial investors. Such facilities are also available in other towns like Potiskum, Nguru, Gashua, Geidam and Buni Yadi, where raw materials are located.

MINERALS
While Yobe State is an agricultural state, it also has rich deposits of all kinds of minerals such as limestone, diatomite, silica, natural salt, gypsum and kaolin, which are available in large quantities and continue to attract interested investors.
Rapid growth through acquisition

INTERVIEW JIMOH IBRAHIM
Chairman of Global Fleet Group

Global Fleet Group started business less than two years ago as a petroleum marketing company. Since then it has rapidly developed into a fully-fledged, diversified business conglomerate with a stake in a wide range of business sectors. Its acquisitions include the Meidan Hotel in Lagos, NICON Insurance Corporation and Great Nigeria Insurance (GNI). Chairman Jimoh Ibrahim has also expanded into telecommunications with the acquisition of VGC communications.

What has been the strategy that has brought Global Fleet such rapid growth right from the start of the business?

When we founded Global Fleet, as an oil trading company, our strategy was to acquire gas stations, not to build them. In just one year we were able to acquire as many as 150. In one week, we acquired 20.

Gas sales very quickly moved up to a minimum of $1 million (£275,000) a day and we were able to complete our depot and improve our haulage capabilities. For a transitional economy like Nigeria’s, our strategy is brand new.

Since then you have moved into new areas of business. What was your next step in developing the company?

We decided that we should diversify, and to continue to use the weapon of acquisition to build a conglomerate of companies. For example, we go to a five-star hotel with cash flow problems and make an offer they cannot resist. They sell us the hotel and we bring in improvements of service without increasing the price.

As we began to grow in assets, we looked at areas we needed to diversify into and we discovered that we spend lots of money on insurance. We need to insure our cars, buildings etc. So we bought the Great Nigerian Insurance Company, which is about 40 years old with an asset base of about 10 billion naira (£47.3 million).

We studied economic fluctuations to determine our investment strategy. We have moved into industry, and as we needed furniture in our offices, we decided a furniture company would contribute to the complementary nature of our business.

Where does Global Fleet go from here?

We will have to consolidate very fast. The next stage is to become an ultimate investor, someone who sets up a business and moves to the stock market to give their shares to the people. The moment we do that we have consolidated the company for the next three to four years.

Do you intend to expand the company’s activities to other countries?

We want to move into Europe and America. We have finished our office in London and have employed our first British citizen to be our London chief. Our intention is to repeat the performance in the United States, so our strategy in England will be to buy gas stations and to partner with British Petroleum.

What is your long-term ambition for the company?

I want the company to become one of the pillars of the Nigerian economy, with the highest reward for our shareholders, so that anyone who invests in this company will have a lifetime reward.
NPA leads major overhaul of the maritime sector

Playing a key role in the nation’s economy and trade, Nigeria’s ports are being modernised and partially privatised

A new era of private seaport operation has got under way in Nigeria with the transfer of the management of the country’s leading harbours to private hands. Playing a central role in this process has been the Nigerian Ports Authority (NPA), whose commitment to the federal government’s policy of ports reform has facilitated the handover.

Private sector companies have won concessions to run critical operations, such as stevedoring, loading and unloading, berthing and cargo management, for periods of between 10 and 25 years. Heading the list is APM Terminals, a unit of shipping giant A.P. Moller-Maersk, which bid $1 billion (£575 million) to run Nigeria’s largest container terminal at Apapa Port. Other winners include Sifax, Tin Can Island Container Terminal Ltd and Joseph Dam and Sons, and concessions were also granted to indigenous companies Flour Mills of Nigeria and the Dangote Group.

The private operators will provide modern cargo equipment and ensure regular maintenance of access channels to the ports, improving efficiency and turnaround time. Their involvement in Nigeria’s maritime industry is expected to stimulate investment and competition and generate more wealth for the economy as a whole.

“Port reform is about making sure that our waterfront operations – which have a direct impact on the economy – are carried out with as much efficiency and productivity as possible,” says the NPA’s Managing Director, Adebayo Sarumi.

He sees this as a time of great excitement for the industry and embraces the change. “The handing over of terminal operations to international port operators will lead to the elimination of sub-standard practices in the area of freight forwarding and other aspects of maritime operations.” Competition among operators will bring down costs and attract more business, he adds.

For the NPA, partnership with the private companies will reduce its capital spending obligations, easing pressure on the public purse. “The NPA will not longer have to rely on scarce national resources in order to buy equipment and boats,” says Mr Sarumi. “It will partner the private sector companies to ensure an efficient running of operations.

“Our ambition is to reach the same level of quality as international ports. We are much closer to getting that done than we have ever been.”

Although wholly state-owned, the NPA was commercialised back in 1992. Since then, its revenues have grown to the point where it has been generating about 30 billion naira for the federal government.

In total, the NPA is responsible for eight ports, including Lagos, 11 oil terminals and 128 private jetties, among other facilities, with a total cargo handling capacity of around 35 million tons. A network of road, rail and sea connections links the ports with the rest of the country.

Nigeria accounts for roughly 68 per cent of total sea trade in the West African region, and there is huge growth potential, given the relatively underdeveloped state of the regional economy. Strategically positioned in the heart of the oil-rich Gulf of Guinea, the Nigerian economy stands to gain from any further developments in the wider region.

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“Our energies are focused on creating and sustaining an enabling environment that will guarantee the success of your enterprise, I invite you to take advantage of these and choose Akwa Ibom State as the ideal location for starting, expanding and relocating your business. You can never be wrong with Akwa Ibom. Never.”

Arc. (Obong) Victor Attah, Executive Governor, Akwa Ibom State, African Leadership Award for Good Governance 2005

In South East Nigeria lies Akwa Ibom State, a small but thriving region with unlimited untapped potential. An ideal place for investors and tourists alike, opportunities await in sectors such as minerals, energy and tourism as well as agriculture, oil and gas. Unrivalled scenic landscapes, a long, sandy coast and exotic flora and fauna make Akwa Ibom an up-and-coming destination for visitors. The region’s favorable weather is also highly conducive to agricultural exploits, from oil palm trees, coconut and rubber to plantains, cassava and okros. The state is likewise rich in minerals, and boasts deposits of gold and silver nitrate, hydrated alumino, and silica sand, not to a mention limestone, salt and coal deposits, and it is the second largest oil producing state in Nigeria. Furthermore, Akwa Ibom International Airport will be opening soon. The airport is unique in that it is designed around an MRO facility, the fourth airport in Africa to have such a facility, making it a major hub for the oil industry in the Gulf. With so much to offer, the time to get to know Akwa Ibom is now. It’s clearly the land of limitless possibilities.