

The future Nigeria

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Powerful transformations widen investment landscape

Fast growing Nigeria may be rich in oil, but it is the non-oil sectors that are driving growth

The second fastest growing region in the world and one of only two regions to experience growth in foreign direct investment in 2012, Africa is becoming the place to be for international investors; and as the second largest economy behind South Africa and with the largest workforce on the continent, Nigeria is powering the African propulsion.

Once tainted by political instability, corruption and poor fiscal management, the West African nation is being transformed by President Goodluck Jonathan, who has introduced several reform measures since assuming office in 2010. Mr Jonathan had served as vice-president to Umaru Yar'Adua, but took over the top seat following the death of Mr Yar'Adua from a kidney illness in May 2010.

Economic growth has been impressive since the end of military rule in 1999 and the successful installation of democracy. GDP growth averaged 7.4 per cent annually for a decade and it is expected to grow by 6.5 per cent in 2013. Econ-

“Nigeria, a great country, is faced with a number of developmental challenges, which we have tried to confront since the inception of this administration”

GOODLUCK JONATHAN
President of Nigeria

omists predict that between 2014 and 2017, the economy will grow an average of 7 per cent.

Nigeria's ambitious long-term development plan, Vision 20:2020, envisages the country becoming one of the 20 largest economies in the world by 2020. Goldman Sachs has included Nigeria in its list of the 'Next-11' economies to drive global growth in the future.

Oil-rich Nigeria has relied heavily on the oil and gas industry for revenues and economic growth. However, it is the non-oil sector that has driven the economy forward. Non-oil sector growth is being



driven by: the services industry, particularly telecommunications and trade; publicly and privately financed infrastructure; agriculture; and a banking and finance sector that has been reinvigorated following the crash of 2008.

Investment in oil and gas has been below par of late as investors await the passing of the Petroleum Industry Bill. This revolutionary piece of legislation will see huge improvements in transparency, accountability and governance; increased local content and community involvement; and the deregulation of the downstream industry.

Revenues from oil remain buoyant thanks to high oil prices and are being pumped wisely into the Excess Crude Account and the sovereign wealth fund. These funds are being used for the much-needed development of infrastructure and to spur economic diversification.

“There are two things that are holding the economy back: electricity and rail infrastructure deficits. With [the sovereign wealth] fund, there is a minimum allocation of 20 per cent for each area. The infrastructure fund can be co-invested with other investments. Once we have power and the right infrastruc-

ture in place, it will be a lot easier for us to develop different sectors of the economy,” says Minister of Trade and Investment Olusegun Aganga.

Agriculture, which employs 70 per cent of the workforce, has and will remain a mainstay of the economy. There is huge potential as the country tries to bring more of the value chain to Nigeria, converting agriculture to agribusiness.

The World Bank recently committed to \$300 million (£197 million) to improve overall management of the country's rapidly expanding agriculture industry and to support the growing ranks of agribusiness entrepreneurs in the country.

Nigeria's banking sector will be key to driving growth in the real sector as it provides the capital and finance for large-scale projects and medium-sized enterprises, down to micro-financing for the growing number micro-businesses and dynamic entrepreneurs in the country.

Like the oil and gas industry under the Petroleum Industry Bill, the finance sector has undergone huge reform aimed at improving transparency and accountability following the financial crisis that began five years ago.

Thanks to the efforts of award-winning Central Bank Governor Sanusi Lamido Sanusi, the banking industry is now thriving again with most of the country's banks recording healthy profits last year.

Nonetheless, despite Nigeria's impressive growth in recent years, eliminating poverty and inequality remain some of its biggest challenges; around two-thirds of the population still lives on less than a dollar a day.

Mr Sanusi sees the banking sector at the centre of these challenges: “Economic equality is one thing, but in an underdeveloped economy, we have gender and economic inequality, sometimes among classes. We have years of inequality among classes, but also among regions and this means among sectors. So we have to address how the financial and banking system locks into this. We are talking about a banking system that is wired to eradicate poverty.”

There are no doubts that Nigeria has problems – be they related to security, poverty, corruption, an over-reliance on crude oil revenues or inadequate infrastructure. But the people of Nigeria have worked diligently and will continue to do so for the continued, sustainable transformation of their country, for the benefit of investors and inhabitants of the nation alike. ●



“[Ours] is a growth that comes with challenges we must address by... growing in a way that creates jobs for our youth. So we must look at sectors beyond natural resources and commodities”

NGOZI OKONJO-IWEALA,
Minister of Finance



“We often say that there’s a value chain problem within the Nigerian economy. Once the government can get into the mindset of the people, we can then start to fix the value chains”

SANUSI LAMIDO SANUSI,
Governor of the Central Bank

AMCON gets bad banks back in the good books

SOMETIMES a crisis can lead to the revelation of the true nature of things; it gives an opportunity to assess the situation, root out the bad and start afresh. This is what has happened to the Nigerian banking system and it has emerged from the financial crisis stronger and more transparent than ever, mainly thanks to the work of the Asset Management Corporation of Nigeria (AMCON) and the Central Bank of Nigeria (CBN).

The financial crisis left Nigeria’s banks in turmoil. NPLs (non-performing loans) made up almost a third of their portfolios.

“The degree of potential bank failure compared to total banking assets in Nigeria was probably greater than most countries in the world. There was really no alternative but to rescue the financial system,” says Mustafa Chike Obi, Managing Director of AMCON.

AMCON was established in 2010 following the CBN’s banking sector intervention, in an attempt to restore financial stability. What the CBN found when they intervened was a situation much more dire than they had expected; the level of poor governance and risk management was serious. The probe led to the dismissal and – in many cases – prosecution of CEOs of the top private banks.

In a BBC News interview in 2011, the CBN Governor Sanusi Lamido Sanusi said: “We wanted to make people accountable for their actions. We’ve

gotten a lot of the rotten apples out of the system. The system is much better today than it was two years ago. The age of impunity is over.”

AMCON was set up with three main objectives: buy up all the NPLs from the banks, re-capitalise them, and finally find strong partners and buyers to run the country’s lenders in a more transparent way.

Since its inception, AMCON has bought almost 13,000 NPLs. In 2011 alone, it bought N5.6 trillion (£22.6 bn) worth of bad loans. Now it has become the largest financial institution in the country, with assets valued at N5 trillion. It has brought the ratio of NPLs in the banks from 30 per cent to 5 per cent. The banks are turning profits and, most importantly, they are lending to Nigeria’s real economy again.

“Nigerian banks are no longer in trouble,” states Mr Chike Obi. “We are now in a situation where the banks are making profits, where they were on the margin two or three years ago. You have

all the measures of safety for banks, which is very, very strong in Nigeria. There is good liquidity and profits, so I think that now the foundation for banking is extremely strong.”

AMCON managed to raise the money to buy the banks’ bad loans by issuing bonds, which are something that should really interest investors, says the MD. “Investors should be interested in AMCON bonds, which are the same as Federal Government bonds. The differ-



Mustafa Chike Obi, Managing Director of AMCON

ence is that we are hoping, and putting things in place, to make AMCON bonds available and extremely liquid. If you are an investor in Nigeria, then AMCON bonds are where you’ll want to put your money.”

Governor of the CBN Mr Sanusi was lauded internationally for his reform of the banking system and his battle for transparency. His hard-line and decisive actions led to London magazine *The Banker* naming him ‘Central Governor of the Year 2010’.

So what about transparency in AMCON itself? Mr Chike Obi slates recent reports by capital markets stating that AMCON is unregulated as “laughable”, adding: “AMCON is a very regu-

lated company. The AMCON Act specifies that AMCON be regulated and supervised by the CBN. We have gone through two CBN examinations so far, and they are very, very intrusive.”

A testament to the success of AMCON is the fact that its model has been replicated in even more advanced economies around the world. “What is unique about the AMCON model is that all the banks agreed to contribute monetarily to offset the N2 trillion [of negative equity] for as long as it takes,” says the AMCON boss. “In our modelling, it will take between eight and 13 years. So the banks will contribute a percentage of their total assets for as long as it takes to recoup that.” ●

PUTTING NIGERIA’S FINANCIAL SECTOR BACK ON TRACK

Nigeria’s banking sector is receiving a renewed boost, thanks to AMCON, one of the government’s tools designed to revive non-performing loan assets of banks in the Nigerian economy.

AMCON | Asset Management Corporation of Nigeria

ASSET MANAGEMENT CORPORATION OF NIGERIA

www.amcon.com.ng

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How the capital markets were reformed

The Nigerian

Stock Exchange is a million miles away from the days when endemic corruption was the norm

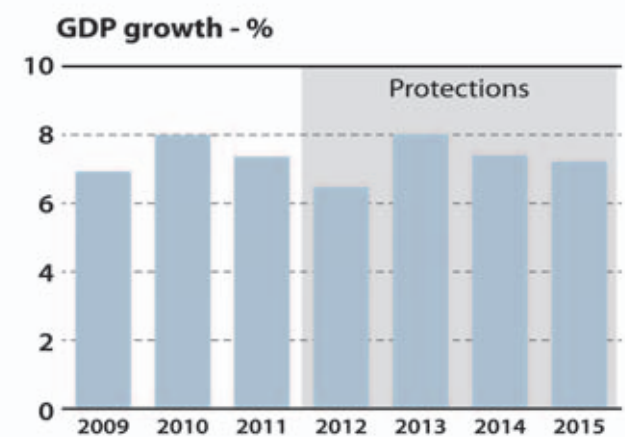
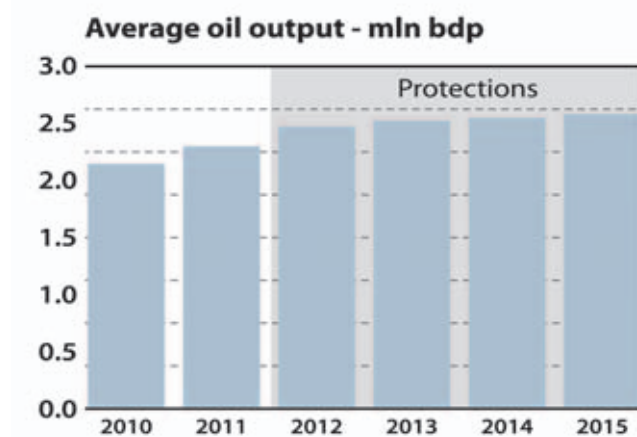
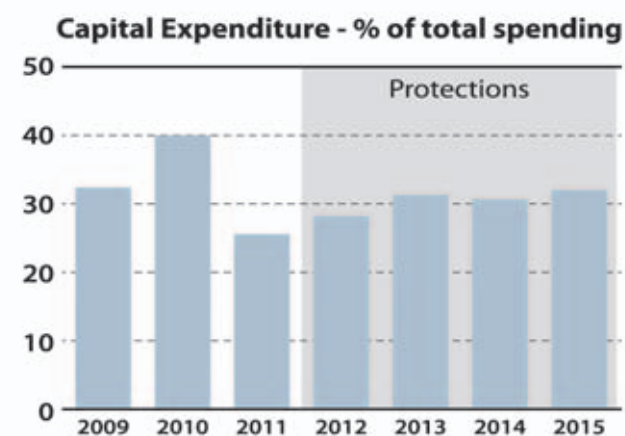
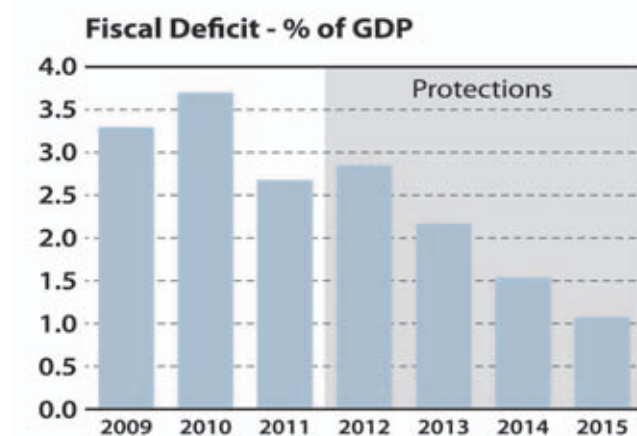
In January 2012, Arunma Oteh, the Director General of Nigeria's Security and Exchange Commission (SEC) was tasked with the unenviable job of cleaning up the Nigerian Stock Exchange (NSE), which was rife with insider trading and other abuses.

Ms Oteh, nicknamed the 'The Iron Lady of Nigeria', was adamant to reform the NSE and also end the days of impunity. In a hard-line stance similar to that taken by the Governor of the Central Bank of Nigeria, she removed individuals or entities from the NSE accused of malpractice with some facing civil and criminal charges.

Her job was not made easier by those within the system who were keen to undermine reform. Some even tried to claim that the former VP of the African Development Bank and Harvard Business School MBA holder was not qualified for the job – a claim she dismissed as "laughable" in a BBC interview in 2010.

"I think the market was under-regulated. People now understand that integrity is the foundation of any market. They must have confidence in the market. Part of what we did in 2010 was to change the general psyche. We sent out a message that our investors are protected," she says.

Another important task for the SEC boss was finding new blood to oversee things within the NSE. In January 2011, Oscar Onyema, who had over 20 years of experience in US financial markets, was appointed as CEO. Mr Onyema was keen to make sure the NSE was "doing its bit" as a self-



regulator. "We believe that regulation forms the bedrock from which you can get investor confidence," he says.

The reform policies of the Oteh-Onyema team have, without a shadow of a doubt, transformed the NSE. In 2012, the NSE closed the year with gains of 34 per cent, a long way away from the collapse of the market in 2008 and 2009 by 45.7 and 33.7 per cent respectively. "The NSE rediscovered itself and outperformed analysts' forecasts for 2012, posting an inspiring performance that surpassed those of G7 countries led by Germany and 33 other frontier markets around the globe," Mr Onyema adds.

Both Oteh and Onyema are firm believ-

ers in the capital markets as the driver of the Nigerian economy, which is already flying high.

The NSE chief executive says that Nigeria is preparing to assume a leadership role in contributing to world growth through its own economic expansion.

"We at the NSE are positioning ourselves to help drive that growth, by making sure that we facilitate appropriate capital and financing resources that are looking to make investments in this area."

More participation in the NSE from those in the utilities, telecom and oil and gas sectors could bring even more gains to the NSE and subsequently more economic prosperity.

According to Ms Oteh, only 17 per cent of the economy is represented on the capital markets. "Can you imagine how it would be when the 16 to 17 power generation and distribution companies get listed? Not to mention those outside the power sector, those in telecoms and oil and gas – strategic sectors in this country with a number of indigenous players who are looking to list."

Evaluating his work at the NSE, Mr Onyema comments that: "We want to position ourselves as the gateway to African markets. If people are looking to participate in Africa and they think of Nigeria first and accessing the country through the NSE, then I will have done my job." ●

NEXIM creates enduring trade links to develop the economy

ONE OF Nigeria's greatest allies in economic diversification is the Nigerian Export-Import Bank, mandated with providing financing, risk-bearing facilities, market information and advisory services geared towards boosting export-oriented investments in non-oil sectors.

When Roberts Orya took the helm of NEXIM in 2009, however, the bank was crippled by non-performing accounts and a lack of money to provide new loans.

"NEXIM is owned by the Central Bank of Nigeria and the Federal Ministry of Finance, yet the shareholders had forgotten about the bank," he recalls.

His first step was to establish a framework and a good corporate governance structure, and from there on out, the bank has been performing spectacularly.



Roberts Orya, Managing Director and CEO of NEXIM Bank

"In 16 months, I was able to turn this bank from a loss-making one to a profit-making institution," he says, adding that 2010 was the first year since 2003 that shareholders received dividends.

Nowadays, the bank turns a profit to the tune of some £122.6 million, in spite of being a development finance institution.

Profits aside, NEXIM is stepping up its economic diversification efforts, having identified four sectoral anchors of President Jonathan's Economic Transformation Agenda – namely, manufacturing, agro-processing, solid minerals and services.

"I was looking at sectors that have a lot of growth potential in terms of generating employment and foreign currency income in Nigeria, as well as new creative markets, even for rural farmers," points out Mr Orya.

NEXIM estimates it will provide N18 billion (£72.7 million) to support Nigerian exporters in 2013.

Yet it isn't only goods that the government is focusing on; it recently authorised N32 billion for the creative industries under the Nigerian Creative and Entertainment Industry Stimulation Loan Scheme, which NEXIM is managing.

The issue that the development bank is currently trying to address in this area, however, is the financing for would-be entrepreneurs who lack collateral.

"We're looking at overcoming the challenge of collateral for young people because we know that the sector can create many jobs and attract considerable foreign direct investment. We have to unleash the huge potential in this industry," says Mr Orya. ●

Financing Nigeria's industrial revolution

Bank of Industry focuses on long-term lending aimed at industrialising various sectors and spurring SME growth

When one of the oldest, largest and most successful financing institution in the country – the Nigerian Industrial Development Bank – was financially and operationally restructured in 2001, it spawned the newly titled Bank of Industry, and with it the dawn of a more promising era for Nigeria's manufacturing sector.

Thanks to the fresh direction brought by the Bank of Industry over the last 12 years, the institution – which was originally incorporated in 1964 – has been gradually transformed into a more efficient and profitable organisation.

Not only that, the BOI has also helped resuscitate the country's previously ailing industry by providing sound financial and business support, and in turn, modernising and diversifying the sector towards the production of more competitive goods on domestic and global markets.

However, as CEO Evelyn Oputu explains, it has not all been plain sailing. Like with the streamlining of any company or organisation, there is a requirement for resourcefulness and inspiration to get things going again.

"After the bank was restructured and I came in, we had limited capital, but we came up with creative ways to ensure that industries that required it were provided with funding," says Ms Oputu.

"As we did more of that, the government responded to us by giving us specialised funds to intervene in the areas they thought required urgent and immediate attention."

And as the new management quickly discovered, innovation does not always have to mean unusual ideas, but rather simply enhancing focus on inherent attributes that are already present.

"We said that we wanted to get into small and medium enterprises...we found that Nigerians are very entrepreneurial," Ms Oputu recalls.

"We were looking at areas where Nigeria has a comparative advantage, and if you look all over the states, there are different terrains and raw materials available. So from 2006 we said we were going to do SMEs that utilise raw materials because you create jobs very quickly

in this way. This would also substitute the small things that we import so we would make savings on foreign currency and maintain jobs. And we succeeded."

As soon as this strategy was realised, the BOI also took on the mantle of training-up those traditional traders with few entrepreneurial skills or limited knowledge in the art of business, helping to create a more knowledgeable and adept workforce.

With the cooperation of state governors, it was then the BOI decided to start clustering SMEs into cooperatives and industrial parks towards addressing the infrastructural inadequacies that were hampering productivity, putting more of a cohesive and efficient system in place.

"We decided to go further and look at the value chain, looking at the big firms and encouraging them to work with the SMEs."

However, with the larger companies claiming they couldn't source raw materials from Nigeria because of their notoriously poor quality, the BOI simply inquired what technology was needed to produce better quality supplies, then financed the SMEs to buy them.

"We made funding available to the SMEs to purchase these machines and it worked to fill voids in the Nigerian manufacturing supply chain and keep value added and jobs at home. That is what we have done at the Bank of Industry."

And it is a system that has truly worked. Not just in reinvigorating the manufacturing sector and reducing poverty in line with the country's development goals, but also helping the bank itself to turnover a profit. From making just £423,000 before tax in 2005, the BOI group was able to grow earnings by more than 1,000 per cent to £4.4 million in 2011.

Having also ramped up investment into the sector by 262 per cent in the same period, Ms Oputu is now hoping new investors will be further attracted to Nigeria's more robust industry.

"We are looking for partners for SMEs to allow them to scale up and add capacity. I can assure you there are many companies here who are making huge returns on investment. You cannot make those margins anywhere else in the world, I can guarantee you." ●



Evelyn Oputu,
CEO of Bank of Industry



Reliability...

With origins dating back nearly 100 years, Union Bank of Nigeria is one of the country's long-standing financial institutions. Merging a rich heritage with a modern-day focus, we put our customers first and deliver service that they can count on.



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First Bank of Nigeria
was named
Best Bank in
West Africa at
the 2013 African
Banker Awards

Ever since First Bank's inception in 1894 – when it first served the essential role of introducing modern banking into Nigeria under the original guise of Bank of British West Africa – the company has been a constant leader of the former British colony's financial sector.

For many decades the bank was in fact the only one operating in Nigeria, and for a period following the industry's boom in the 1930s, it came under the control of the Nigerian government before subsequently being acquired by the UK-based Standard Bank.

Indeed, while the country's banking sector has developed, it is true to say that the First Bank of Nigeria (as it was renamed in 1979 after Standard sold their shares to domestic investors) has positively evolved with it.

From the continued growth of competition to the various shake-ups the industry has suffered in more recent times – including when many of Nigeria's biggest lenders faced bankruptcy during the 2009 financial crisis – First Bank has not only survived but remained at the forefront, becoming known for its remarkable dynamism, and as a symbol of great strength and fortitude.

Post crisis, it is now with the country's fast growing economy and revitalised banking sector (a recent IMF report described its major banks as "well capitalised, liquid and profitable") that healthy rivalry is thriving once more. And as a result, First Bank has yet again needed to innovate and inspire to retain its position at the top.

"As the banking crisis in Nigeria is being resolved, competition becomes tougher. So we believe that the only way we can continue to maintain a strong hold on our traditional segment of the market is to make sure that we put everything into that segment to drive national innovation and expand our market share," says Managing Director and CEO Stephen Onasanya.

A lasting journey of evolution and innovation

As Nigeria's longest serving financial institution, First Bank is not only primary by means of name, but has also become one of the country's foremost and well-loved brands

The presence of increased competition in the mass market, as Mr Onasanya explains, is the factor that fuels First Bank's drive for "national innovation" and its strategy of financial inclusion – the delivery of affordable financial services to sections of the disadvantaged and low income segment of society.

"The difference between First Bank and most other banks – and a major factor behind our success – is the fact that we are able to bank the masses and offer them banking services when other banks do not want them.

"We are a brand that is well loved and we believe we need to give back to society part of what we have gained from it. Do not forget that First Bank was at some point fulfilling the role of the Central Bank, not just for Nigeria, but for the whole of colonial West Africa. So on that side we see it as a social responsibility to drive financial inclusion."

According to the World Bank, only 24 per cent of the adult population of sub-Saharan countries had a bank account in 2011, while there were, on average, 2.7 bank branches per 100,000 adults. However, new innovations in information and communication

technology have transformed the sector in Africa recently, with access to financial services becoming more widely available, largely through the vitally important development of mobile telephone banking.

This more convenient way of banking – for both customer and provider – has taken the market by storm, again helping to increase competition for extending services to previously unbanked people with little or no access to formal methods, and in return, further stimulating economic growth.

For First Bank, continual investment in such technological developments as these have not only propelled its financial inclusion strategy, but led to it being named the 'Most Innovative Bank in Africa' at the 2011 African Banker Awards, as well as receiving the accolade of 'Best Bank in West Africa' at this year's ceremony.

"What we do is find cheaper ways of servicing the customers so that they do not have to have physical contact with the whole banking environment," says Mr Onasanya.

"We have no choice by way of our legacy as the people's first choice bank other than to continuously tinker with the

way we serve them. We constantly look for ways to let them access banking services using technology."

Aside to the company's massive success in improving its use of the mobile banking and payment platform, First Bank has also pioneered through a "channel migration strategy" that intentionally profiles different customer segments and sends them through a passage most appropriate to their needs.

"That makes it effective for us to serve them at less cost and the customer does not see it as being pushed away," adds Mr Onasanya.

"What we strive for in everything that we do is to allow the customer to get that service without any form of intervention or interaction with a human being as much as possible."

And as the CEO spells out, this philosophy of creative-yet-careful management has had a financially beneficial impact for the company as well as unlocking new business opportunities.

"We have been able to reduce our service costs significantly in the last three years simply by improving technology.

"In addition to making it cheaper for us to serve the customers, it has also opened us up and endeared us to the young and upwardly mobile segment of the market, who traditionally would not want to come into a bank."

Such shrewd implementation of corporate strategy – and how the bank has re-focused and revitalised its provision of customer services through taking advantage of the company's privileged heritage and rich experience – is what Mr Onasanya attributes the bank's record 306 per cent increase in profit, from the \$116 million recorded in 2011, to \$473 million in 2012.

"That is the reason why up to today, and at every point in time we have always been able to weather the storm, blitz our competitors and still come out as the number one bank." ●

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Ecobank
The Pan African Bank

The emerging pan-African leader

Ecobank, with its almost 30-year experience of African markets, offers a single entry point for investors into Nigeria and access to the wider flourishing continent

Ecobank's growth since its inception in 1985 has truly been phenomenal. It is now the leading pan-African bank with operations in 33 countries. Of course, being the pan-African regional leader was something its ambitious founders had envisioned since the bank's humble beginnings in Togo almost 30 years ago with capital of a mere £20 million.

"Historically, the bank had an ambition to become a regional bank. It was not an afterthought – it started off originally like that, because we felt that there was room for a regional bank to interconnect West Africa," says Ecobank Nigeria's Managing Director, Jibril Aku.

That was the founding fathers' dream – to start a regional bank that could begin to promote trade amongst West African countries. We have dominated 15 countries in West Africa and then we moved into Eastern and Central Africa, eventually becoming the pan-African bank we are today."

With Nigeria being the regional financial hub, Ecobank's recent successes can mainly be attributed to its operations in the country. Ecobank Nigeria now accounts for 42 per cent of the Ecobank Group's total revenue. It is the epicentre of the bank's operations and is the focal point for foreign investors in Africa, according to Mr Aku.

"South Africa has a more developed financial market, which has been around for much longer, and they have more capitalised banks. But in terms of the population and the market, Nigeria remains the economy of interest to all global investors."



More than 40 per cent of the Ecobank Group's revenue comes from its largest branch, Ecobank Nigeria

Up until 2005, Ecobank Nigeria was essentially a private corporate bank operating in a niche market. Around that time it was one of the top 21 banks in the country. That year marked the first great change in the banking sector of Nigeria (the second followed the crisis of 2008). An over-saturated market with over 90 banks led to the Central Bank of Nigeria's (CBN) decision to increase the capital requirements, which led to numerous consolidations and a much leaner banking sector.

"CBN's first consolidation in 2005 reduced the number [of banks] to 25. Many banks either merged or they did not make the hurdle," Mr Aku recalls.

The hurdles did not prove to be too high for Ecobank Nigeria, and the consolidations of 2005 turned out to be a great opportunity for it to expand and diversify its operations.

"We have dominated 15 countries in West Africa and then we moved into Eastern and Central Africa, eventually becoming the pan-African bank we are today"

JIBRIL AKU,
Managing Director of
Ecobank Nigeria

"After the 2005 consolidation, it emerged as a very small and over-capitalised bank. So the strategy was developed to grow fast into a fully fledged universal bank, and then we ramped up on retail banking growth. The first thing we did was start an acquisition drive, with some of the banks that had failed the consolidation process in 2005. To date, we have made four acquisitions."

The strategy paid off as Ecobank has moved from the ranks of the top 21 to the top six banks in the market, challenging some of the big international banks. And Mr Aku is very confident they can improve on that position: "Today we are one of the top six banks with a good chance to fight for the top three in Nigeria; this is our current strategic goal."

The most recent of Ecobank's acquisitions was in late 2011, when it took over defunct Oceanic Bank International – one of the victims of the financial crash of 2008/09 that hit Nigeria hard. This latest merger has given Ecobank an even stronger foothold in the market and puts it in a prime position to take on the big three. Through Oceanic, it has acquired an additional 4.5 million customers, around N500 billion (£2 billion) in deposits and has gained a competitive edge in the retail banking market.

Ecobank's huge financial gains last year were mainly thanks to this acquisition. Profit before tax grew 65 per cent, while revenue increased 106 per cent. As the bank stabilises and fully integrates following the merger, the bank's chief executive believes that it will have "a much bigger platform to be able to generate more revenue and business for our shareholders."

As the leading pan-African bank, Ecobank is also leading the way in offering the latest IT services, be it for its business or individual customers. In 2012 for example, the bank entered an agreement with MoneyGram, which will give the diaspora the chance to make hitch-free money transfers.

It also launched Ecobank Mobile Money, promoting Nigeria's cashless policy and financial inclusion for the unbanked, particularly in rural areas. Those even without a bank account will now be able to make simple financial transactions through their mobile phones.

"In terms of product innovation and the IT platform for collections and payments, we are strengthening our existing platforms," says Mr Aku. "We are looking at differentiating our trade products, because we are not restricted to just one country. So we bring in different features to make the products more attractive no matter the market."

So why should foreign investors look to partner with Ecobank? Mr Aku states that Ecobank offers a unique entry point into Africa and unrivalled expertise in the markets of the 33 African countries in which it operates, as well as its vital support and counsel which are grounded in almost 30 years of experience of the African business environment.

He adds: "We always tell investors that we are like a single entry into Africa, particularly Nigeria. We can guide you through that process to make you hit the ground running faster than you would if you went through another bank." ●

The banking solutions specialists

Sterling Bank is a small yet smart bank, carefully tending to its clients while growing both organically and through strategic and select acquisitions



Yemi Adeola, Group MD and CEO of Sterling Bank, says the bank encourages a DIY approach in many of its branches, where customers can do everyday transactions on their own

we don't have the luxury to invest willy-nilly," says Mr Suleiman. "It is also about how you structure the loan deals, and the additional value involved, that means our customers are best served in the industry."

Priding itself as the "one-customer bank" that celebrates each and every customer as a unique individual, Sterling Bank's strategy nowadays is to focus on retail banking.

"Our strategy in essence is to simplify banking at the retail end," says Mr Adeola. "In each of our regions, we have a hub where all shades of transactions take place. However, we have come to realise that most people in the retail segment just want to do plain vanilla banking. We are helping to make this happen in various ways, such as providing easy-to-do, same-day account opening. We offer various electronic payment solutions, including internet banking and a wide range of cards that allow payments at millions of store outlets as well as withdrawals from ATMs worldwide."

Mr Suleiman adds that Sterling Bank is conservative yet innovative, an example being its outlook on financial inclusion and bank profits. "We decided to go into the lowest levels of the market with the objective of building the market – it is not just about making profit. You have to begin to treat some of your asset creation as investments. Not all lending will be at market rates, so we will be discounting the rate we charge for some things." ●

Throughout its history, Sterling Bank has focused more on solutions than branding and consequently built up a base of extremely loyal customers. The bank was originally established in 1960 as NAL Merchant Bank. Being Nigeria's first merchant bank, it took on a significant portfolio of corporate customers.

"It is safe to say that there is hardly any corporate name that we do not have on our books today. All the mega-deals in the 1960s, 70s, 80s and 90s were completed here," says Yemi Adeola, Group Managing Director and CEO of Sterling Bank.

NAL Merchant Bank operated as a private company until 1972, when the Nigerian government took ownership. Two decades

later, it was partly privatised and then in 2000 the government sold its remaining assets. Over the next few years, the bank was vigilant about balancing its books and maintaining good corporate governance. This meant that by the time the banking sector consolidation phase came along in 2006, it was a strong player that merged with four others to become Sterling Bank.

When the financial crisis came to a head in 2011 and the Central Bank (CBN) instigated far-reaching reforms in the banking sector, Sterling not only passed the stringent stress tests with flying colours, it also acquired the undercapitalised Equitorial Trust Bank, thus enhancing Sterling Bank's position in the hierarchy of major players.

"When Sterling Bank survived the CBN review, people asked how that was possible. We were one of the smallest banks with the highest costs of funds," says Sterling Bank's Chief Financial Officer Abubakar Suleiman. "I said it was because we always believed that there would be a crisis somewhere down the line. And we were ready for it."

The bank's strengths lie in a very low non-performing loan portfolio (3 per cent), a robust enterprise risk management framework, a credit assessment process, highly efficient international payment systems, having one of the best trade services organisations in Nigeria and its ability to find and structure flexible solutions.

"We do not have so many customers, so



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... In Your Best Interest

A 'simple' way to soaring profits

Guaranty Trust Bank is a prime example of how a simple strategy can result in big success

Amid a very successful 2012 across the whole of Nigeria's financial sector, Guaranty Trust Bank – GT Bank – was one company that in particular turned a few heads.

GT Bank, named 2013 African Bank of the Year at the African Bankers Awards, enjoyed enormous takings last year with profits after tax amounting to over N86 billion (£348 million) compared to N52 billion in 2011.

Despite such impressive figures, Managing Director and CEO of GT Bank Segun Agbaje says that the high profits are a reflection of the company's efficiency, which has over the years been characterised by a tried and tested, straightforward approach.

"We have a very simple strategy and vision. We do not reinvent the wheel – even when we leave Nigeria, we take a business model that has worked for us," says Mr Agbaje.

Indeed while the bank's model may be "simple", recent results have shown it to be an extremely resolute and economically resourceful one that strongly targets lending to the high-end market.

"We are the most cost-efficient bank in Nigeria and graphically what we present is a bank with a large retail base and low costs of funds, lending to the high-end side of the market, so non-performing loans are low.

"We also have a low cost-to-income ratio, our human capital is very strong and the organisation is young and vibrant."

The company has also shown that it is likewise not afraid to find new ways to compliment an already well-oiled machine.

"We were recently named number seven in the world in terms of credit institutions and banks involved in social media, a platform on which we are servicing over a million people," proclaims Mr Agbaje.

"We are using a lot of alternative channels in this regard such as mobile, internet and social banking to drive a very efficient business model."

This pragmatic yet dynamic style is what drives the bank forward, contributing to its rise from a small and newly established business in 1990 to becoming one of the most well respected and highly profitable banks in Nigeria today.

In 1996, the Guaranty Trust Bank plc



"Our human capital is very strong and the organisation is young and vibrant"

SEGUN AGBAJE, Managing Director and CEO of GT Bank

became a publicly quoted company and won the Nigerian Stock Exchange President's Merit Award in the same year, having gone on to receive the same accolade a further seven times since then.

After undergoing a major rebranding in 2005, the bank made history two years

later by becoming the first Nigerian company and first African financial institution to be listed on the main market of the London Stock Exchange, followed by the launch of a \$500 million bond last year.

While such moves have seen significant heightening of confidence between the international finance community and shareholders, the bank is currently continuing with its aggressive expansion strategy by increasing the depth of its operations throughout West Africa and Europe.

In line with the company's vision to make the bank one of the most prominent on the whole of the continent, GT has also recently ventured eastwards to Kenya, Tanzania and Uganda. As Mr Agbaje explains, such expansion is essential for ensuring the future growth and prosperity of the business.

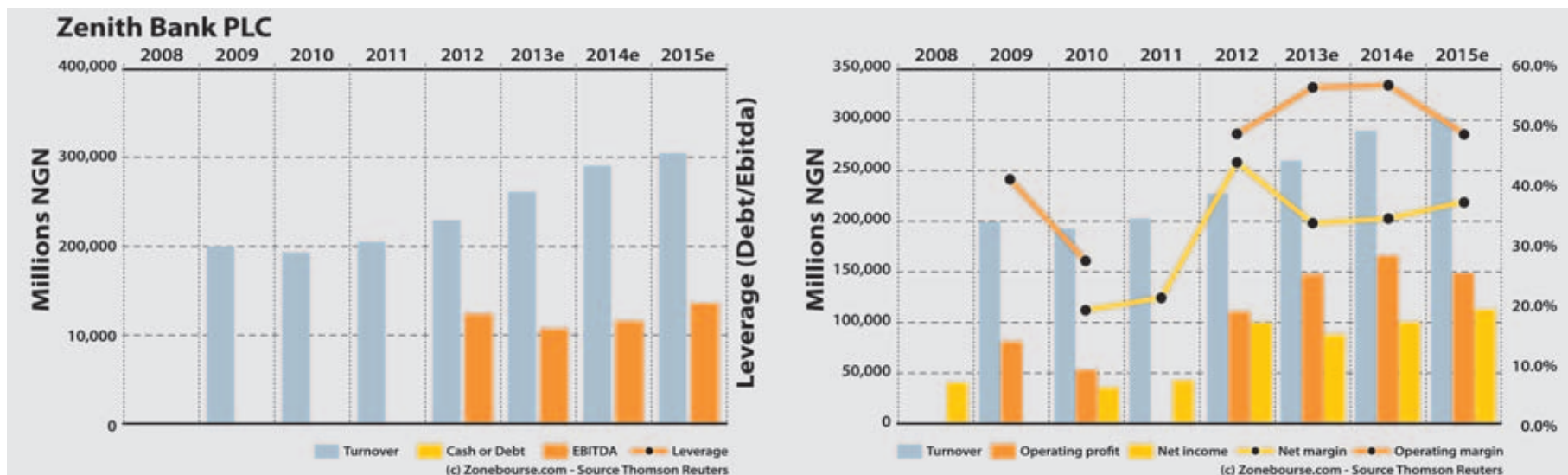
"Part of what we decided to do when I became CEO was break into the top three in Africa and you cannot do that by remaining just in Nigeria. Our goal is that by 2016, our subsidiaries should account for about 10 per cent of the group's profit, and to do that, you will need some high impact countries... We think East Africa is such a zone."

Indeed while GT Bank points to a simple strategy as a reason for its success, this evident ambition indicates a company not just content on conquering the local market, but one that is intent on going places, and fast. ●

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The largest Nigerian bank listed on the London Stock Exchange

When racking up its N100 billion (£407 million) worth of profit after tax in 2012 – a 106 per cent increase from 2011 figures – Zenith Bank became the first ever in the country to pass the massive N100 billion milestone in a financial year.

With gross earnings also standing at N307 billion – up 26 per cent – Zenith has really set down an important marker to cement its position as a true leader in the Nigerian banking industry.

In accordance with the company's tradition of generating more value for its shareholders, the bank's directors have proposed a dividend payout of N1.60 per share, while investors and financial analysts alike have heaped praise on its remarkable performance.

Zenith, however, is certainly no stranger to setting itself apart from the rest. Since its inception in 1990, the bank has continually been raising the bar of the country's financial sector, ultimately leading to its outstanding rate of growth.

"When we started the bank 23 years ago, the banking industry in Nigeria was still in its early stages of development," explains Group Managing Director and CEO Godwin Emefiele. "So to differentiate ourselves, we said we would like to run a bank where people do not have a crowded banking hall. We were the first bank in Nigeria to employ graduates as customer service and cash and teller people because we felt they would take the initiative to work hard and in turn speed up processes within the banking halls."

"Again we were the first bank in Nigeria to introduce online real-time banking, and we were the first bank in Nigeria where when you walked into the banking hall, you had access to internet facilities. So for the last 23 years we have focused on excellent customer service and cutting-edge technology."

Through such commitment to innovative development, combined with a prudent corporate governance and solid risk management, Zenith shot to profitability

Zenith Bank, Nigeria's third largest lender by market value, raised the bar last year, posting record-breaking profits



within its first decade of operations and has retained this prime position as an industry leader to date, continuing to grow organically and becoming an institution of choice not only in Nigeria, but around the African continent, as well as having a presence in the United Kingdom.

Through such commitment to innovative development, combined with a prudent corporate governance and solid risk management, Zenith shot to profitability within its first decade of operations and has retained this prime position as an industry leader to date, continuing to grow organically and becoming an institution of choice not only in Nigeria, but around the African continent, as well as having a presence in the UK.

With the bank's customer base well in excess of 1.6 million accounts and growing, Zenith offers financial services to Nige-

ria's major corporate entities, many of which are subsidiaries of multinational corporations and large indigenous companies that cut across all of the country's main sectors, from oil and gas, to power, infrastructure and real estate.

Now, amid such a rapidly rising reputation, Zenith is looking to further add to its mounting international prestige. This year the bank listed on the London Stock Exchange (LSE), taking a major step towards improving liquidity in its stock through global depository receipts (GDR).

"The listing of \$850 million (£560 million) worth of shares at \$6.80 each is a major step by the bank at improving liquidity in its stock through GDR. We are confident it will give us access to a wide range of major institutional investors and significantly raise its international profile," says Mr Emefiele.

The bank, clearly in a confident mood about the potential of the listing, believes the decision will help open a lucrative path to the deepest international pool of capital in the world, with the LSE currently holding more than \$1.8 trillion in international equity assets. And while the company's expectation is that stock will begin to appreciate worldwide, given the increased confidence of prospective investors, this will inevitably begin to result in higher dividends for shareholders.

Indeed the move, which was given full approval by shareholders at the end of 2012, is a sure sign of the public limited company's strong stability and its astonishing journey from local bank to global brand.

Having won a *World Finance* award at the LSE last year for Best Corporate Governance, it is clear to see that Zenith Bank's global goal is not just purely aspirational, but their star is truly beginning to rise in international finance circles thanks to a history of shrewd management and a commitment to creativity and transparency.

Under the leadership of Mr Emefiele – who has sat on the bank's executive team since its incorporation – Zenith has also recently been honoured by such respected institutions as *Capital Finance International* (Best Commercial Bank in Africa) and *FTSE Global Markets*, who named it an Emerging Global Super Brand.

In light of this remarkable success story, going forward, Mr Emefiele believes that having set the standard for the Nigerian banking industry over the last two decades, his company once again stands apart from the rest as the ideal business partner for foreign companies looking to invest in the country.

"I think Zenith Bank is a natural choice because it is a bank with strong liquidity, strong capital adequacy, it is run on the best corporate governance structure and because we take risk management very seriously. And ultimately if you look at our track records and return on investment, Zenith is among the most stable and best investments in Nigeria." ●

Union Bank's transformation is well under way

Formerly owned by Barclays, Union Bank of Nigeria is under new leadership that has reversed its fortunes in as little as one year

After having experienced a difficult few years following the onslaught of the financial crisis of 2008, Union Bank of Nigeria (UBN) has bounced back and recorded an impressive 2012.

In 2009, the bank's executive management team was removed following the intervention of the Central Bank of Nigeria (CBN) – a move that was mirrored in many other banks in Nigeria at the time.

An interim management team was brought in by the CBN to stabilise and recapitalise the bank. The Asset Management Corporation of Nigeria (AMCON) – which was established by the CBN to buy up NPLs and recapitalise Nigerian banks amid the crisis – pumped almost N47 billion (£193.2 million) into UBN to get its net asset value back to zero. This was followed by another cash injection of around N80 billion by the majority stakeholder, Union Global Partners Limited (UGPL), in December 2011.

In 2012 Emeka Emuwa joined UPN after spending 25 years with Citibank, and the new Group Managing Director has truly turned the bank's fortunes around since his arrival.

The 2012 figures speak for themselves: gross earnings for the bank totalled N96.5 billion, up 35 per cent from year-end 2011; profit before tax was N8.1 billion, up from a loss of N102.6 billion the previous year; and customer deposits hit N482 billion by the end of 2012, a 21 per cent increase from 2011.

Earnings per share also improved – 46

kobo (0.2 pence) in 2012 compared to negative 12.51 kobo the year previous.

"Our 2012 results have fully incorporated all costs relating to the recently concluded recapitalisation and clean up of our loan portfolio," Mr Emuwa said in April on the release of the 2012 results. "Our transformation roadmap is well under execution as we upgrade and strengthen our operating platform so that we can serve our customers better. We are pleased to enter the new financial year on an encouraging note."

This year is sizing up to be another great one for UPN. In early June it announced a first quarter pre-tax profit increase of 40.33 per cent to N7.69 billion, compared with N5.48 billion in the same period last year. Mr Emuwa is confident that these figures can be improved upon over the coming years.

UPN has implemented a transformation programme that is made up by seven pillars: business model; people and culture; risk management; finance and performance; operations; information technology; and cost management.

At a presentation given at the Nigerian Stock Exchange (NSE) in early June, the GMD of UBN said: "Reliability is at the core of our strategy and transformation programme. We will leverage the rich heritage of the past into the future by modernising our brand and platforms. We will ensure that products, systems, service, people, processes and financial reporting are reliable. We will provide reliable service to existing customers and be seen by stakeholders and customers as trusted partners."

UBN certainly has a rich past in Nigeria. First established in 1917, the bank was originally called Colonial Bank, before being taken over by Barclays in 1925, and subsequently being renamed Barclays Bank (Dominion, Colonial and Overseas). It became Barclay's Bank of Nigeria (BBN) in 1969.

The Nigerian government acquired 51.67 per cent of BBN, leaving Barclays with 40 per cent following the enactment of the Nigeria Enterprises Promotion Act of 1972. Barclays finally gave up the remainder of its shares in 1979, all of which were taken up by Nigerians. It assumed the name Union Bank of Nigeria in 1990 and is now owned by UGPL (65 per cent), AMCOM (20 per cent), and consortium of investors.

In July 2009, it was rated the 556th largest bank in the world and the 14th largest bank in Africa. It has also established operations in Britain; Union Bank UK has been operating from London since 1983. ●



Transforming Nigeria's industrial sector

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Union Bank's profits were up 35 per cent in 2012 from the previous year

Insurance to bring higher growth

With just 1.5 million Nigerians having insurance, Leadway is targeting expansion

Nearly 50 years ago at the UN Conference on Trade and Development, it was agreed that a solid national insurance sector is a vital tool in enabling economic growth and generating employment. Even though Nigeria has unquestionably enjoyed strong growth of late, its insurance sector has remained stagnant. The National Insurance Commission (NAICOM), the industry's regulating body, is making huge efforts to increase awareness and penetration, with the certainty that a larger insurance industry will facilitate more sustainable and widespread development.

Five years ago, NAICOM launched the Nigeria Insurance Market Development and Restructuring Initiative (MDRI), a medium-term plan to reform the areas of industrial capacity, market efficiency and consumer protection. The desired result was that by 2012, the insurance industry's gross premium income would rise to N1 trillion (£4.1 billion), from a base of N164.5 billion in 2008. At the end of the MDRI period, it stood at a mere N300 billion.

Adetola Adegbayi, Executive Director of General Business at Leadway Assurance Co Ltd, explains why the initiative fell short.

"The MDRI focused on compulsory insurances basically in order to improve insurance penetration within Nigeria," she says. "As the commission, you would consider that if all these compulsory policies – for example, motor third-party insurance, builder's liability insurance and compulsory group life – were effected, then there should not be any reason why we could not hit the set target.

"The problem is that when it comes to compulsory liability policies, there's the question of enforcement. Because enforcement drives legal compliance, if there's no compliance and if nobody is enforcing it, then you're not going to have anybody really wanting to buy these products."

Ms Adegbayi is optimistic, however,

adding that thanks to NAICOM's efforts, the insurance industry has definitely been improving.

Leadway is one of Nigeria's oldest insurance companies, having been established in 1970. As the majority of insurance firms, Leadway is well diversified in all types of life and non-life products. What makes it stand out from the competition, however, is its focus on claims payments over profits – an aspect that has made it a favourite among brokers.

"In the 1980s, Leadway presented itself to brokers," says Ms Adegbayi. "When it comes to brokers, they judge you on how quickly you settle your claims and provide services and what other value additions you put in the policy to make it worthwhile for the insured. Because of our claims paying ability, we have been able to establish ourselves in the minds of brokers that we're a company they can depend on."

With the largest branch network in Nigeria and under the guidance of CEO Oye Hassan-Odukale, Leadway is reaching out to the uninsured markets – especially in rural areas where it has to come up with "ingenious new ways of doing things". It is also targeting private-sector power companies, who are contributing to the creation of a more dynamic and self-reliant economy throughout the country.

Leadway is also positioned as an excellent partner for British clients, offering highly personalised services. "We offer our views of the economic and business environment, and on what you need to do. People are more comfortable with that because when you come into a new country you want someone to talk to you confidently," says Ms Adegbayi.

"Some clients also probably have a global insurer like ACE for example, who more or less hand them over to us saying that there is a partner in Nigeria, so why don't you work with them. They are more comfortable dealing with us too." ●



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The modern offices of Leadway, one of Nigeria's oldest insurance companies

A new mindset for real sector lending

Fidelity Bank is a prime example of a lender that is supporting a more stable economy

A new era for the banking sector in Nigeria means the banks will have a huge part to play in providing capital to the real sector to promote stable growth and a diverse economy, particularly by supporting indigenous SMEs and entrepreneurs over the coming years.

The banking reform that was implemented following the 2008-09 financial crash by the Central Bank of Nigeria (CBN) has brought more stability and less irresponsible lending and speculative

risk taking. There is a new focus on lending to the real sector.

"In 2013 and 2014 it's going to be a larger economy. We will be able to have the benefits of at least three to four years of stable monetary policy and management, and hopefully a stable fiscal regime and fiscal policy," explains Managing Director and CEO of Fidelity Bank Reginald Ihejiahi.

"For the banking sector the challenge is how to actually participate in sponsoring the growth of a stable economy. It takes a bit more to understand the risks of the real sector; it takes a different attitude not to expect ready-made projects or proposals. You are participating

in the making and the structuring of those proposals in a way that the risks are at a level where they are manageable."

Fidelity Bank is ranked amongst the top 10 banks in the country and it is actively supporting the growth of the real economy through smart lending and investment (evident from its low NPL ratio of 4 per cent). Although it is a universal bank, 70 per cent of its loan portfolio is concentrated in corporate lending. The bank's current focus is in the oil and gas, agriculture and SME sectors.

Oil and gas companies made up 13 per cent of its loan book in 2012. "We could see that rising in 2013 to perhaps 20 per cent or more," adds Mr Ihejiahi.

"Within oil and gas we are diversifying into several areas; we are doing some interesting things in upstream and mid-

stream. We are dealing with engineering companies who want to elevate to larger levels of transactions. There is a risk involved but we have the capacity to really make sure that they themselves are probably able to make that transition."

Another stalwart of the economy and area of interest for Fidelity is agriculture. It is a sector generally perceived as not having ample investment opportunities as it has traditionally been driven by the public sector. But all that has changed according to the Fidelity MD: "Those walls

have come down and the government sector is trying to come up with a better policy by encouraging the capacity for financing.

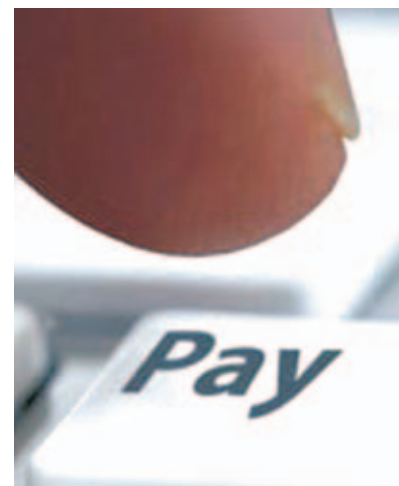
"We're looking for what we call the new generation of agribusiness entrepreneurs who have been successful in other lines of business. They are people who know how to manage risks and then the proposals become financeable."

SMEs will be crucial to sustainable growth and reducing unemployment in Nigeria and Fidelity is doing all it can to support viable micro and medium-sized enterprises. "We are doing two things. In the micro-businesses we are servicing de-

mand of our branches; we have a standard pricing format for them so they can actually predict what the cost of services is going to be. Secondly, we're putting in place the kind of credit structure to support that," Mr Ihejiahi says.

"On the medium-scale side and the more active high-level entrepreneur businesses we are also supporting them through our advice service."

With regard to foreign investors looking to invest in Fidelity, the MD urges them to look at the balance sheets and its capital adequacy and liquidity ratios. He assures that the bank has given dividends for 10 consecutive years and that they have superior local knowledge, which he says "is what people are mostly looking for in a country like Nigeria. We know Nigeria inside out." ●



"It takes a different attitude not to expect readymade projects or proposals"

REGINALD IHEJIAHI,
Managing Director and
CEO of Fidelity Bank

Building the image of Nigeria

Since Nigeria became a democratic republic in 1999, one administration after another has launched reforms – some sweeping, others more subtle – to turn what was a closed, government-controlled economy into a flexible and open one, more attractive to foreign investors and with the mechanisms in place to spur ever-increasingly sustainable economic growth.

What are some of the recent more groundbreaking reforms and what opportunities have opened up within the Nigerian economy?

Constitutional rule since 1999 has made it possible for us to embark on reforms that have looked to put the country on a path of growth. Under military rule, reforms would only last a few years, and then they would be set aside. But now we have a predictable exchange of rule of government.

The Nigerian economy of 2012 is completely different from the Nigerian economy of 1999. Back then, several sectors, such as telecoms, were state controlled, and there were laws banning companies from participating in those sectors. At that time there were no mobile telephones in Nigeria, and that was holding other economic sectors behind.

Between 2001 when the reforms started and now, we have had growth from about 50,000 analogue lines to close to 90 million telephone lines today, with big network operators such as MTN and Vodafone coming in to provide world-class services.

The cement sector also underwent fundamental reform. The government privatised

Minister of Information

Labaran Maku speaks about the changes Nigeria has instigated and the myriad opportunities that await global investors

most of its holdings in the cement companies. Now Nigeria has the biggest cement production in Africa, and is approaching self-sufficiency for the domestic market. In another few years or so, given the number of new cement plants that are coming up, we will be able to produce cement for export.



“You have got to change the mentality of looking at Africa as a continent where you can extract raw materials. You have to look at Africa now more as a business partner”

LABARAN MAKU,
Minister of Information

That is a key sector where reform has worked, because the government is predictable, democracy has continued and policies have been sustained.

Another sector that was state controlled and underwent fundamental reforms was power. Most of the problems we have in the power sector are because until today, the power sector has been controlled by the government. Since you could not set up a power project or distribute power and because the government was an inefficient manager of businesses, our power sector stagnated over the years. Now reforms have completely opened up the sector. We now have independent power plants and people can set up independent generating sites. We are now privatising power transmission and distribution, because private companies are more efficient.

The other sector that has become a goldmine for investors from around the world has been infrastructure: road construction and transport networks across the country and waterway transport on our two

big rivers. We have set up the Infrastructure Concession Regulatory Commission (ICRC) to create an enabling environment, laws and procedures for private companies to invest in infrastructure.

Aviation, solid minerals and agriculture are other sectors in need of investment that hold huge potential.

How is your Ministry getting the word out about Nigeria’s new image?

We want a sustainable PR relationship with one or two organisations abroad, who can take up the issue of the daily management of Nigeria’s image, working in sync with the Ministry of Information. Secondly, we want to see if there is an opportunity to organise regular forums in Europe, America and other influential destinations around the world, where we set up platforms to discuss Nigeria and opportunities here with selected, targeted audiences – businessmen and influential politicians who make policies and decisions to influence the direction of businesses, investments and so on.

We’re also looking at running TV ads and campaigns in the press, so that the world will begin to look at Nigeria in terms of its size, potential, capacity and market, and so that we will look at the opportunities and look at the challenges we have, side by side. At the moment, I think people are looking more at the challenges.

Also, you have got to change the mentality of looking at Africa as a continent where you can extract raw materials. You have to look at Africa now more as a business partner. ●

Investment banking has continental reach

Yield-hungry investors can take advantage of local expertise backed by global quality standards

Global investment banks, as well as multinational corporations and high net-worth individuals, have their eyes fixed on sub-Saharan Africa essentially because of one main reason: growth.

The collective GDP of Africa is projected to reach \$1.6 trillion by 2020 (5 per cent of global GDP), compared to 2.4 per cent in 2010, and the IMF has estimated that seven of the world’s top-10 fastest-growing economies over the next few years will be in Africa.

Nigeria’s Central Bank has striven to ensure better governance and greater liquidity and transparency in the country’s banks to strengthen its investment banking sector.

“It has also focused on ensuring that

the appropriate amount of capital is supporting different types of businesses,” says Sola David-Borha, CEO of Stanbic IBTC Bank. “As a result, you then have a much stronger banking sector that has better risk management and is well-poised for growth.”

Stanbic IBTC Bank is part of one of the most recognised banking brands on the continent: the Standard Bank Group, whose history dates back to 1862 and is Africa’s largest bank by assets and earnings.

Through its wholly owned stockbroking and asset management subsidiary, IBTC Asset Management Ltd, Stanbic IBTC Bank has several excellent mutual funds on offer, such as the IBTC Nigerian Equity Fund, which is Nigeria’s largest mutual fund. It is also the only bank with a



Present in every state, Stanbic IBTC Bank now has 177 branches and more than 200 ATMs

direct subsidiary that is a pension fund administrator, through the market-leading IBTC Pension Managers Ltd (IPML).

“We are a full service financial services institution; we have a very strong investment and corporate banking business, and we also have a growing retail business and a business bank,” says Mrs David-Borha.

“We also have a wealth business, which comprises pensions fund management and non-pensions fund management, as well as our trustees business. So our revenue base is diversified.

“We have the largest investor services business. Investors need a custodian to keep their funds: we are the largest, with over 70 per cent market share in the custody business. Also, we have a presence in every single state, and over a million retirement savings accounts spread across the country.

“As we are part of the Standard Bank Group, we comply with all of the group’s policies and risk framework, etc. So you have the comfort of international banking standards, plus you get a full service offering locally, and that is what makes us unique.” ●

‘Spring cleaning’ and an improved risk management strategy

Diamond Bank has shed its bad loans and is ready to finance more, worthier projects

After the banking sector’s consolidation in 2006 and the central bank intervention five years later, Nigeria’s surviving banks can proudly boast stronger than ever fundamentals that will enable them to operate above board, transparently and successfully for many, many years to come.

Diamond Bank is no exception, though making the grade has been far from easy. According to Dr Alex Otti – appointed Group Managing Director and CEO at the height of the AMCON and CBN stress testing – the bank had to go on a sort of rampage to clear



“We are better in retail banking than anybody else in the market today. It is the sector of the future”

DR ALEX OTTI,
Group Managing Director and
CEO of Diamond Bank

out all bad and overly risky loans. Two years ago, it was facing grave liquidity problems, but Dr Otti’s spring cleaning – of both non-performing loans and non-performing employees – helped the bank live to tell the tale.

“When I joined the bank in March 2011, I was surprised by the quality of the loan book,” he explains. “Nonetheless, I still believed we had a good bank. The first thing I did was to sit with my colleagues and look at the fundamentals from a critical point of view, to learn and make sure that we do not commit the same mistakes.”

What he discovered was a weak risk management department, so he told the bank’s Board of Directors that he needed a highly qualified, independent executive director to run the risk management function.

“Our ED was tasked to populate the place with skilled and qualified people – some of whom were from other banks. There were also expatriates,” he says.

His next step as Group MD and CEO was to examine Diamond’s largest loans, ranging from N500 million (£2 million) to N12 billion.

“We then went to market and disclosed a very challenging risk asset portfolio. In terms of stock price, we must have lost 75 to 80 per cent. We took it in our stride and made provisions. At the end of the year, we wrote off bad loans close to N45 billion and sold almost N60 billion to AMCON,” recalls Dr Otti. “We had to do it in one fell swoop.”

“Having done that, with the help of the new risk management directorate, we set clear standards, indicating the kind of loans we wanted and were able to do. We established sectorial limits, did score cards, and bought technology to deploy our retail proposition. We did a lot just to make sure we did not revert to where we were.”

Consequently, 2012 was a year of tremendous growth for Diamond Bank. Gross earnings and total assets rose to N13.8 billion and N1.178 trillion from N102.7 and N796 billion, respectively, in 2011. More impressively, operating income jumped 149.4 per cent to N96 billion, while profit before tax soared 252.6 per cent to N27.5 billion. Its coverage ratio as of September last year was well over 128 per cent.

Established in 1991 as a private limited liability company, Diamond Bank was converted into a universal bank in 2001. In 2005 after a successful private placement share offer, it became a public limited company listed on the Nigerian Stock Exchange.

Early in 2008, the bank made Nigerian banking history when it listed its global depository receipts on the Professional Securities Market of the London Stock Exchange (LSE).

Today, Diamond Bank operates three distinct business segments, namely retail banking, corporate banking and the public sector. Dr Otti remarks that the bank’s approach to retail has been especially successful.

He says: “We’ve been in retail banking for the last 24 years. Literature would tell you that it’s risky. However, I think the risk depends on the mindset you enter the market with. If you enter with a corporate banking mindset, you are going to lose money. You need all the requisite skills and technology proposition. We spent money developing those. That is why we are better in retail bank-

Diamond Bank has invested heavily in skills training and modern banking technology



ing than anybody else in the market today. It is the sector of the future, so we cannot ignore it.

“We had an expat over who had retired from Barclay’s Bank. He had done retail banking all his life. He helped us set up what we have today. He was also able to train a lot of people here.”

One area Dr Otti is certainly proud of is the investments Diamond Bank has made in technology and people.

“We have clinics for those interested in building viable small and medium-sized enterprises (SMEs) – retraining them and helping them articulate and formulate their ideas into a profitable business. We’ve moved these clinics from one location to another, and we’ve received great support from the International Finance Corporation (IFC), Enhancing Financial Innovation & Access (EFInA) and other multilateral partners who like what we’re doing,” he says.

“We charge a little fee that does not cover our cost; it just makes sure that we only get those who are really serious about training. So far it was worked very well.”

Attendees learn how to prepare balance

sheets, understand figures, separate personal and business finance, among other things.

In terms of larger-scale banking, Diamond Bank is quite active in Abia State, where it is funding Geometric Power Systems Ltd (GPSL), the first indigenously owned private power-sector company. GPSL has built the Aba Integrated Power Project with 141 MW of capacity in what is now deemed a case book study of how the private sector can help alleviate Nigeria’s power shortages.

Also in Abia, Diamond Bank in collaboration with the government is revitalising a shoe factory and putting the pressure on the state government to rehabilitate the road network.

Looking further afield, the bank’s plans to establish a presence in Europe will soon come to fruition, thanks to Diamond’s recent 100 per cent acquisition of Intercontinental Bank’s UK subsidiary. “If we get it right in London, then ultimately it is Diamond Bank’s customers in West Africa that will feel the benefit of that, and they will want to do more business through this channel,” said Diamond Bank’s UK CEO Rollo Greenfield in a recent interview. ●

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A one-stop shop for investors

Set up following the establishment of the NIPC Act in 1995, the Nigerian Investment Promotion Commission has been encouraging and facilitating investment and the launch of business enterprise in the country for 18 years. As a governmental organisation, the agency assists in the grant of business entry permits, licenses and authorisations in a so-called "one-stop shop" environment.

Through its One Stop Investment Centre (OSIC), the NIPC looks to provide more coordinated and efficient support for the stimulation of private sector investment from within and outside the country.

"It is essentially a centre which cuts off bureaucracy to make entry into the economy much quicker and easier as well as enhancing confidence in doing business in Nigeria," says CEO Mustafa Bello.

"We have a variety of government agencies which either approve or provide information, or both, so that when you come in, you do not need to hop from one agency to another." It is largely through the good work of Mr Bello in the last 14 years, serving as Minister of Commerce before taking charge at the NIPC in 2003, that the institution has become a resounding success. Namely, the CEO has strongly pushed for reforms of investment related laws,

which have over time seen the liberalisation and strengthening of conditions for foreign investment in the country. This year for example, the NIPC has further demonstrated its commitment to facilitating the ease and reducing the cost of doing business in Nigeria by cutting the price of business registration by 70 per cent.

Meanwhile, Mr Bello has also helped pioneer the Corporate Affairs Commission's project that has helped to revolutionise the service of the OSIC, making it possible for its clients to register a company online, as well as access a range of other services on the internet. Through such innovative measures and projects, including the development of sector-

specific investment policies and incentives, the NIPC has ensured the substantial enhancement of the country's national competitiveness as a foreign direct investment destination, with Nigeria recently becoming Africa's top recipient of FDI.

"The establishment of the OSIC has greatly restored the confidence of investors on receiving a prompt and transparent service," claims Mr Bello. "I must say that NIPC has played a very important role in all the efforts the government has made to improve the economy. We have been instrumental because there is continuity in the NIPC." ●

The NIPC initiates and supports measures that enhance Nigeria's business climate

Free trade zones to boost economic development

The OKFTZ looks to be the first of 25 new free trade zones that will enhance Nigeria's trade and sustain growth for the future

Just 100 kilometres east of Lagos, Nigeria's largest city and foremost economic centre, the Olokola FTZ (OKFTZ) is under construction.

Located in the Ogun and Ondo region, the 10,000-hectare state-of-the-art development will become the first of Nigeria's 25 free trade zones to offer a deepsea port, making the area a gateway to the world and the hub of West Africa.

In doing so, the project – a public private partnership with the European company IPEM – looks to contribute to the country's continual development, while also becoming one of Nigeria's leading FTZs.

Since the passing of the 1992 FTZ act, over 1,800 jobs have so far been created owing to the 25 FTZs that are currently being planned or constructed.

"Let's first say that the idea of creating FTZs in Nigeria is very positive," says the Managing Director of OKFTZ, Luk Haelterman.

"The competitive advantage of FTZs in Nigeria is simply the neighbourhood of the huge market, and the possibility of minerals and other base materials that are available to a heavy extent.

"I really believe that is the way to industrialisation, which leads to employment, better skilled jobs and the rise of a real middle class."

However, despite being one of the latest projects in a number of developments popping up all over the country, Mr Haelterman believes the answer to successful industrialisation doesn't rely on the creation of yet more FTZs, but in making sure the existing ones are fully functional.

"To get them working, there are basic needs. The first is access; if you produce, you have to be able to bring in your raw materials and evacuate the end products. If we talk about infrastructure, and particularly the infrastructure leading to the FTZs, none of them has a decent port."

Indeed under plans for their own deepsea port project, OKFTZ looks to change this. Outlined for completion in 2019, the port will contain, amongst others, a service port for oil and gas businesses, bulk loading and unloading quays, liquid jetties and a

fully integrated container terminal, while also becoming a valuable alternative to the congested Port of Lagos.

"A deep sea port is a very long-term investment," explains Mr Haelterman. "So on our side, we decided to cut it into phases. Every side of the port will be a separate financially viable project."

The vital infrastructure will eventually become a very welcome addition to the states of Ondo and Ogun, situated in one of Nigeria's major oil producing territories. Together, the area has about 54 kilometres of coastline on the Atlantic Ocean and border about 60 per cent of Nigeria's offshore oil and gas fields in the western Niger-Delta Basin. Immediately inland, there is extensive exploitation of varied natural resources such as rubber, timber and solid minerals.



The OKFTZ will be the first Nigerian free trade zone with a deepsea port, set for completion in 2019

According to recent news reports, the prospect of the port is already having a positive impact, with rumour suggesting Dangote Group – owned by Africa's richest man, Aliko Dangote – is willing to propose the construction of a £5 billion oil refinery to be located in the OKFTZ.

While such a scenario would provide an extremely exciting outlook for the project, aside to this, Mr Haelterman stresses other than the area's advantage of stable crude oil supplies, the OKFTZ will also be looking to broaden its horizons in the true spirit of Nigeria's push for economic diversification.

"The services we attract can be of a diverse nature. Once your economy starts to grow and you really attract investment, then you also fit new industries. We believe this is certainly a possibility for many of the FTZs out there." ●

Africa's number one for investment, two years running

Overtaking South Africa for the first time in a decade in 2011, Nigeria has become the continent's top FDI destination

Investors have been arriving to Nigeria in their droves over the last few years, drawn mainly by the country's lucrative oil industry. However, plentiful opportunities also abound in infrastructure, power and manufacturing.

Olusegun Aganga, the Minister of Trade and Investment shares how the Nigerian government is now making increased efforts to improve the business environment and diversify the economy.

With Nigeria becoming the King of Africa in terms of FDI, what are your thoughts on the recent outstanding results for the country in terms of investment?

Nigeria is a vibrant and dynamic economy, having attracted \$8.9 billion of investment in 2011. That is a good story to tell, and because of that, Nigeria is the number one destination for investment in Africa.

There is money to be made here. Investors are looking for countries with a market and the raw materials, so that the costs of production are lower. If you look at the market, we have 167 million people in Nigeria, and this figure is growing at 3 per cent per annum. We are also the gateway to ECOWAS, and ECOWAS in total has 300 million people. The market is there.

As you say, Nigeria has certain natural advantages, namely oil. The \$1bn Sovereign Wealth Fund was created last year, not just to safeguard oil revenues but also help diversify the economy...

The fund is actually a creative solution to the problems we have been experiencing in the country, but it is also an instrument for diversifying the economy. It has three different sections. One, oil is a depleting asset and young Nigerians have a right to a share in that wealth, so we need to save for the future generation. The second area is supposed to be for budgetary adjustment. The last section is an infrastructure fund. There are two things that are holding the economy back: electricity and rail infrastructure deficits. With this fund there is a minimum allocation of 20 per cent for each area.

Once we have power and the right infrastructure in place, it will be a lot easier for us to develop different sectors of the economy.

So what are you doing to attract investment into these key areas?

The way to do that is first of all create an enabling environment in all sectors.



Olusegun Aganga,
Minister of Trade and Investment

For example, we as a country are going to privatise power generation and distribution. We have a regulator and have deregulated the tariff regime to make it easier for investors to come in.

When you talk about infrastructure, again you need to create the right enabling environment. There is no shortage of investors in that sector. Every sophisticated investor wants to invest where they are going to get a minimum return of about 20 per cent. You cannot generate that in any developed economy today.

We also have competitive and comparative advantages, which is the bedrock of our industrial revolution plan. The idea is that in agriculture, we have 4 million hectares of land, and that means that there are industries we can focus on, including food processing, textiles, garments and sugar manufacturing. In any of these sectors, I expect us to be among the top 10 in the world at some stage.

So what are you doing to attract investment into these key areas?

We are working with the Organisation of Economic Development and using their policy framework for investment, which they have used in 16 other countries. It will look at investment policy, tax policy, public and private sector governance, trade promotion, competition and consumer protection. By the time we have all those in place, I think there will be nothing stopping us. ●

Agriculture, planting the seeds for growth

Through the agriculture transformation agenda, the Nigerian government envisages the sector as the future driver of the economy

With its huge resource base, large population and favourable climatic conditions, Nigeria's agriculture sector has huge potential for development and is playing a fundamental role in the country's push for economic diversification. Akinwunmi Adesina, the Minister of Agriculture, outlines how the government is now acting to make sure this great promise is finally being realised.

Professor Adesina, how would you sum up your vision for the agriculture sector?

Simply put, we have 85 million hectares of land and 263 billion cubic metres of water, we have vast amounts of cheap labour, and we have plenty of sunshine and good weather. Therefore Nigeria has no business importing – in fact we should be a powerhouse of food. So we have launched an agriculture transformation action agenda, which will revolutionise agriculture as a business. We want agriculture to become the main driver of the economy.

Such potential, yet Nigeria remains the largest importer of wheat and rice in the world, spending billions each year on bringing food into the country. As minister, how are you addressing this problem?

My job as minister is straightforward – my job is to make the sector come alive. We are focused on a number of commodities, including rice, cassava, cocoa, cotton, maize, soya beans, livestock and of course, fish, as we have a lot of capacity. With this, we are focused on producing 20 million metric tonnes of additional food and adding that to domestic food supply.

However, as our population rises, it is an economic issue. It is expected to increase from 160 million to 450 million by 2050. This means that if I just take rice alone, today we are spending about \$3 billion on rice imports, but by 2050 we will be spending \$150 billion. So we absolutely must make major changes.

Firstly, it is about taking a full value-chain approach, and not just about producing. Secondly is an investment-focused approach – attracting the private sector into the agriculture and agribusiness sector. Thirdly is ensuring that Nigeria becomes competitive once again in other food markets.

So what positive changes have you made towards implementing this strategy?

Firstly, for over four decades in this coun-



Agriculture accounts for about three-quarters of Nigeria's non-oil exports

try, the government controlled fertiliser and seed, and when I took this job, I found that only 11 per cent of farmers were getting the right fertilisers. We have now sorted that out, and all seed and fertiliser is sold by the private sector directly to the farmers.

Secondly, we have put improved agriculture infrastructure in place and we are establishing what we call 'staple crop processing zones'. These are basically large areas where the government is providing privatisation for power, water and roads, making it easier for the private sector to move in and invest in processing value addition.

The third area we are working on is incentivising investment. For example, if you bring agro-processing equipment into Nigeria today, there is no duty, because we want to encourage private investors to get involved.

We are attracting private sector investors everywhere to unlock the power of the value chain and add value to everything we are producing here, and it is working.

With things evidently changing for the better, what do you think this means for the future of the sector?

I want investors to know that things are happening in the agriculture space. We are unlocking Nigeria's potential. Yes, the sector is changing a lot, and I think a more structured sector that is able to attract financing for the private sector will make Nigeria a major player in global food markets. ●

NPA boosts port numbers and operations

As the majority of Nigeria's international trade is done through its ports, it is imperative that these be in shipshape

The Nigerian government is investing and encouraging public-private partnerships (PPPs) to develop transport infrastructure surrounding the ports, such as road and rail links, whilst also cutting down on bureaucracy within the ports in an effort to reduce clearance times.

Nigeria has six main ports – at Lagos, Tin Can Island, Rivers, Delta, Calabar and Onne. The ports of Lagos and Port Harcourt are forecast to see an increase in tonnage of 5.9 per cent and 7.2 per cent respectively by 2016, and with their facilities already stretched, new ports in the vicinity would help lessen the burden.

According to Habib Abdullahi, Managing Director of the Nigerian Ports Authority (NPA), most of the country's ports are over 30 years old and as such have their limits. Fortunately, four new ports at Olokola, Lekki, Badagry and Ibaka are either under development or in the early to mid-phases of planning, and should help consolidate Nigeria's strength and capacity as a shipping hub.

An initial due diligence report has already been carried out for a greenfield 16-metre deep sea port at Ibaka, which could become the next most strategic port in Nigeria. There are also plans to build a self-sustaining industrial city alongside, complete with independent power plants, a refinery and industries.

Located in a peaceful region in the south-eastern state of Akwa Ibom, the \$2 billion Ibaka port will be well connected thanks to the nearby airport and a four-lane ex-



Nigeria has six main ports in operation, with an additional four in the pipeline

In recent years, the NPA has dredged channels up to 13 metres deep, raising cargo capacity loads from 1,000 to 4,500 TEUs

pressway (currently under construction).

Mr Abdullahi also states that the NPA is carrying out a channel depth development project at its other ports. "Bigger ships mean more cargo and more activity, and

therefore more revenue for the government. As a result, we will have more money to develop the ports. It's cyclical," he says.

In recent years, the NPA has already dredged channels up to 13 metres; this more than quadruples the cargo that vessels can bring into ports, from 1,000 TEUs (twenty-foot equivalent units) to 4,500 TEUs.

Nigeria has also made great strides in improving port operations, even within just the past seven years. In 2006, the government initiated various maritime sector reforms, the most important of which was the opening up to the private sector.

"We invited the private sector to come in and take over the operation of the ports," says the NPA head. "The government decided to adopt a model where we offer concessions to interested parties and quite a lot of people applied.

"We reviewed about 114 applications and about 24 were accepted. A lot of the terminals in the ports were concessioned and companies were given the chance to come in and operate. We as NPA play a regulatory role where we look at the operators and provide infrastructure, security and basic services.

"We collect revenue and pass it on for development. We also try and encourage others to come in and develop greenfield areas in the ports."

As for speeding up cargo clearing times and freight forwarding, an important step was taken last year when the Ministry of Finance cut the number of government agencies operating at the ports by more than half. Today just six agencies remain, among which are the NPA and the Nigerian Maritime Administration and Safety Agency (NIMASA), the seven-year old entity mandated with ensuring safe, secure shipping, a cleaner environment and enhanced maritime capacity.

At the time, Minister of Finance Dr Ngozi Okonjo Iweala said, "We know that without an efficient port system, there will be a high cost in the economy. What we're doing now is to reduce those costs so that our business people will have the wherewithal to create more jobs."

To clear the final hurdle and ultimately achieve a 48-hour turnover, however, the NPA has its work cut out. There is a degree of pessimism among shippers and traders, as some 80 per cent of imports arriving at Nigeria's ports undergo a 100 per cent physical examination.

What Mr Abdullahi envisions is greater interconnectivity among agencies as a way to simplify procedures. Last fall, the port authority submitted a letter to the Ministry of Transport, he says, and now "the port committee system is coordinating the activities of all relevant agencies within the ports. That will give us a one-stop shop." ●



PORTS IN PERFECT PLACE

The Nigerian Ports Authority develops port operations. African ports are known as a "gold mine" for investment in the 21st century and Nigeria's strategic location and extensive coastline helps make the maritime sector the second biggest financial contributor to the Nigerian economy.



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This year in May alone, the Nigerian Customs Service seized £627,500-worth of contraband

Best foot forward in customs regulations

The Nigeria Customs Service is stepping up efforts to control smuggling and enforce payments, whilst creating a better work environment for its employees

Thanks in large part to its petroleum exports, Nigeria enjoys a trade surplus of some \$27 billion. Its other major exports are cocoa and rubber, while major imports include machinery, chemicals, transport equipment, manufactured goods, food and live animals.

Keeping check on the comings and goings of products is the Nigeria Customs Service (NCS), an institution dating back to 1891 when the British colonial administration set up the entity for the collection of inland revenue in the Niger Coast Protectorate.

Today, the NCS is a full-fledged 21st century institution that utilises the most modern computing systems, including ASYCUDA++ (Automated System for Customs Data, the original of which was created by the UN Conference on Trade and Development in 1981 at the request of ECOWAS).

Its central server system, in use since early 2011, enables the agency to warehouse all import, export, excise, transit and transshipment data, and provides interconnectivity with terminal operators, the Ministry of Finance, the Central Bank (CNB), the National Bureau of Statistics and the Federal Inland Revenue Service, among others. Moreover, all designated banks, declarants and cargo carriers can also tap in to the central server.

Other technological conveniences include e-payments through designated banks,

e-submission of various forms to customs, e-remittance online in real time from duty collecting banks to the CBN, and SMS information to the National Agency for Food and Drug Administration and Control (NAFDAC) for regulated cargoes for necessary certification.

These improvements have produced the desired results – a noticeable increase in revenue collection, a reduction in clearance times, lower transaction costs, and of course, better utilisation of human resources – and Nigeria has the Comptroller General of the NCS to thank.

Upon entering the NCS as CG in 2009, Abdullahi Dikko Inde sat with his management team to articulate a road map with the aim of reforming customs procedures to improve efficiency and compliance – smuggling was, and remains, one of the main challenges the agency faces.

Among the first things they did was to build capacity (between 2009 and 2011, more than 12,500 employees underwent training both locally and internationally), change the mindset of workers by instilling in them a greater appreciation for transparency and integrity, and provide improved welfare packages for workers.

For Mr Dikko, the issue of problematic human resources is simple: “The right people should be in the right place and the wrong people should be out of the system.

So, we either change it or we remove the bad ones.”

Another important step was to launch a general awareness campaign, as many people involved in smuggling do it out of ignorance, says Mr Dikko.

“One way to fight smuggling is to hold a big stick and talk with a soft voice. You have people who are ignorant of the procedures; they do not know and they are illiterate. They are pushed into smuggling by someone else who will benefit more,” he adds.

The NCS has published a long list of prohibited import items, which at first glance may appear arbitrary to the casual reader. However, goods like poultry, pork, beef, bird eggs, refined vegetable oils, cocoa butter, noodles, fruit juice and cement are there for good reason – to protect national industries.

Though not on the list, rice smuggling alone has been resulting in a yearly loss of an estimated N110 billion (£452 million), a figure on the rise as of January due to a new hike in rice import tariffs. However, the tariff is, again, a tool in protecting the national rice-growing industry.

“I want to see large-scale farming take place,” says Mr Dikko. “If you can do that, nobody will want to import rice. When the government decided to ban the importation of juice, local producers rose to the challenge. They started producing fresh juice that is better than what was coming from Spain. Imported juice often loses quality after spending a long time in the containers in tropical countries like ours. If you import juice to Nigeria now, you will not have a market because local companies are totally in control.

“If you bring in imported noodles, nobody buys them because you can produce them here. If we have mechanised farms that produce and process rice in large quantities, there will be no market for imported rice. Do we need to import cement now? No, the factories here are producing 800 bags per minute now, which is more than the current demand. So, we export the excess.”

For those who ignore the appeal to protect national industry, the NCS also high-



Abdullahi Dikko Inde, Comptroller General of the NCS

lights that it is ultimately cheaper and easier to import goods the legal way rather than evading dues through bribes.

In line with his strategy to thoroughly modernise and revamp Nigerian customs, Mr Dikko is forming strategic collaborations with other agencies within Nigeria, such as the Economic and Financial Crimes Commission (EFCC), and abroad. The most notable of late are the Customs Mutual Assistance Agreements (CMAA) with the USA and Argentina, both signed in April.

The bilateral agreements will allow the countries’ customs agencies to prevent, repress and investigate customs offences, as well as to combat illegal cross-border smuggling, financial crimes and terrorism.

According to the Nigerian Comptroller General, Nigeria is now in talks with China and India to arrange a similar agreement.

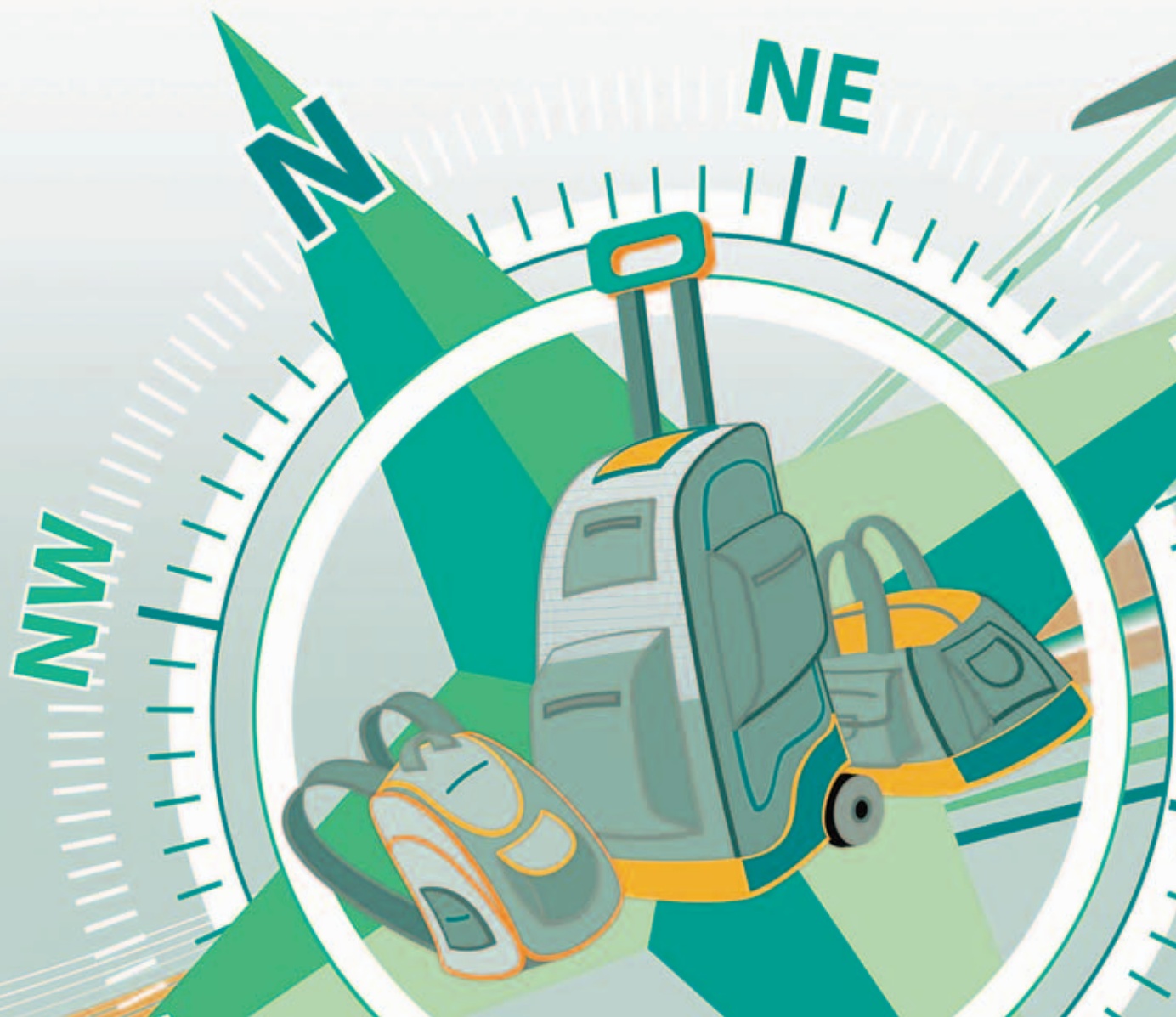
With a firmer grip on smuggling control and a smoother, more efficient flow of import-export traffic, the NCS will be able to significantly raise tax revenues, which will in turn be reinvested by the government in developing a stronger, more diversified domestic economy. ●

The dynamics of technology have changed the conduct and scope of international trade. As a critical actor in the unfolding development of the nation, Nigeria Customs Service cannot afford to be indifferent. Information dissemination about customs operations is therefore considered vital to trade facilitation in a world that is becoming increasingly technologically-driven.

At NCS, we are conscious of our role as trade facilitators and principal enforcers of the government's fiscal policies. Moreover, we are taking on the challenge of providing more responsive and efficient service delivery in a transparent environment, and thus far we have managed to turn this into a world-class organisation, on par with others around the globe. To achieve this, we put in place a management team focused and determined to lead NCS into a new dawn.

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Oil and gas will galvanise other sectors

A focus on local content will not only boost Nigerian participation in oil and gas, but will equip Nigerians with the skills to develop other hi-tech industries

With a reserve base of about 37 billion barrels, Nigeria is the largest oil producer in Africa. It is the sixth largest gas producer in the world with estimated reserves of 187 trillion cubic feet (tcf). However, it is now facing stiff competition for foreign investment from other African countries.

"More countries are discovering sources of oil and gas. Only three countries produced oil in sub-Saharan Africa 20 years ago. Today, there are more than 10. We cannot sit on these resources for a very long time. We have to take action and add value," says Osten Olorunsola, Director of the Department of Petroleum Resources (DPR).

Investment in new explorations has dried up as investors await the highly-anticipated Petroleum Industry Bill (PIB) (see page 28). "Things will start to pick up once the PIB issue has been settled. People have taken a more prudent stance as they wait for the PIB to be implemented before making major investments. Big oil companies are maintaining their production, but they are not going for exploration activities," says Simone Volpi, Managing Director of INTELS, a logistics company working within the sector.

With the big multinational oil companies traditionally dominating Nigeria's oil and gas market, a focus on local content is vital for the growth and sustainability of the economy. "[Local content] has really moved forward very well," says Mr Olorunsola. "Even in terms of the operating companies, gone are the days when production was only coming from international joint ventures."

Ernest Nwapa, Executive Secretary of the Nigerian Content Development Monitoring Board (NCDMB), explains that the Nigerian Content Act, created in 2010, is: "not only targeted at increasing participation, but at growing the knowledge and ability to use the oil and gas resources for in-country value – in terms of the spending in Nigeria, and the capacity and capabilities developed in Nigeria both within and beyond the oil and gas industry. That capacity can also be used in telecommunications, agriculture or automotive."

Ninety per cent of the country's forex reserves and 80 per cent of its export revenues come from oil and gas. Therefore the need to diversify revenue sources is crucial. Increased government revenues from hydrocarbons following the passing of the PIB will be invested in other parts of the economy.

"We need to reinvest these oil revenues to stimulate the rest of the sectors and strong state policies will ensure that we do. This includes the associated activities that come out of oil. For example, rather than simply selling crude oil, we can augment downstream activities by setting up refineries, which will increase employment four-fold," states Anthony Chukwueke, Director of the Transcorp Energy Limited.

"We are focusing on manufacturing the real sector. There is no way to have sustainable growth if we keep importing and installing things. We want to refocus and build on sustainability, which is the most important aspect," says Nigerian Oil & Gas Man of the Year 2011, Ernest Nwapa.

"If I can get the NCDMB to work with the industry and establish two or three pipe mills and implement the framework, and if I begin to see manufacturers servicing industry needs and Nigerian manufacturers producing some spare parts, then I will start accepting more awards." ●



Nigeria boasts reserves of 37 billion barrels of oil and 187 tcf of gas

Local content in action

Local content has been a buzz-phrase in the Nigerian oil and gas industry for some time now, but the man who pioneered the idea was Dahiru Mohammed.

"I started the campaign for local content because I realised that there were so many Nigerian firms in the oil and gas sector, but the oil and gas companies were not patronising them," he says.

"It grew to such a magnitude that it went beyond my team and the Nigerian National Petroleum Corporation (NNPC). The government took over and it became a law."

Mr Mohammed is the CEO of Damagix, a company that is a shining example of a Nigerian company serving the needs of multinationals and indigenous companies operating in the oil and gas sector. Damagix supplies pipes for onshore, offshore and deep-water operations.

"We have been part of local content development from the very beginning," says the CEO.

The main obstacle for local companies initially was credibility. Before the Nigerian Content Act became law in 2010, Dahiru Mohammed led two delegations – comprised of Nigerian businessmen, oil companies and bankers – to the US to "work around" the credibility issue.

"We had to show them we were serious," he says.

The next obstacle for Nigerian companies was finance and technology, but the Damagix chief assures that there have been a lot of improvements thanks to the work of the Central Bank

Governor, Sanusi Lamido Sanusi.

"Access to capital through bank loans was difficult, but now it is different. You could get billions of dollars now," says Mr Mohammed.

Damagix itself secured a \$5 billion loan to expand its operations.

The next natural step to local content development is locating more links of the supply chain to Nigeria, so that more money is retained in the Nigerian economy. Damagix is a service company that procures its pipes from abroad. The next natural step for the company is to manufacture pipes itself in Nigeria.

The company will build its own threading plants and pipe mills in the near future.

"We have been contemplating pipe manufacturing for four years; 70 per cent of the equipment is already here and the land is available," the CEO explains.

"We are absolutely poised to build this pipe mill and threading facility." ●

Gas to power the nation

Leveraging the gas resource base for unprecedented economic growth is one of the NNPC's cardinal objectives

Nigeria is the fifth largest producer of liquefied natural gas in the world, with natural gas estimated reserves of 187 trillion cubic feet (tcf) and a further 600 tcf in potential reserves. It produces an average of 19.2 million tonnes of gas per year with only 15 per cent of this utilised domestically.

Nevertheless, the country struggles to meet the domestic demand for power. A country with a population of 160 million and a large industrial base, Nigeria currently generates only 4 GW of electricity. Energy security is paramount to sustained economic growth.

With all of this in mind, the government introduced the Gas Master Plan (GMP) in 2008. Its main objective is to increase the domestic supply and use of natural gas, mainly for power. Apart from power generation, gas is being used in agriculture for the production of fertilisers. It is also being used to power vehicles. Infrastructure development – pipelines and gas power and upstream processing plants – is a major focal point for the government.

One of the main issues surrounding the development of this domestic gas market, and the oil and gas sector in general, is security. There have been instances of costly vandalism and destruction of pipelines and flow stations, particularly in the volatile Niger Delta region.

However the situation has improved greatly since the introduction of the Amnesty Programme in 2009, which sought to give amnesty to militant groups and training to young people in return for giving up arms. So far more than 3,600 militants have been disarmed and over 30,000 young people from the Niger Delta have gained new skills. Other initiatives have also been implemented which have successfully mitigated the security threat.

Here, the Group Managing Director of the



Before the 2009 Amnesty Programme, Nigeria's oil production had dropped to 1 million bpd. Last August, it hit a record 2.7 million bpd

Nigerian National Petroleum Corporation (NNPC), Engineer Andrew Yakubu, discusses the gas sector, the GMP and efforts at tackling the security problem.

What is the potential of the gas sector to be the driver of economic growth in Nigeria?

There is great potential for the gas industries in Nigeria, particularly as the government's transformation agenda is anchored on the utilisation of this abundant resource. The industry is to be galvanised through effective linkages to the agricultural sector by enhancing domestic manufacturing of fertilisers with the aim of enhancing food production and food processing industries. This will also create job opportunities through various secondary and tertiary industries. All this is in line with the GMP.

The GMP has jumpstarted the domestic gas market by moving a virtually non-existent sector to one that is market driven. It has so far addressed the commercial framework for domestic gas and pre-

scribed development of an infrastructure blueprint which is being pursued aggressively. With these infrastructure projects, gas transmission from major supply sources to key demand centres across the country will significantly improve.

Domestic gas supply is currently at an all-time peak of 1,500 million cubic feet per day, most of which is dedicated to the power sector. There is sufficient gas presently, which is projected by year end to support over 5 GW of generating ca-

The Gas Master Plan, introduced in 2008, aims to increase the domestic supply and use of natural gas

capacity, with a view to increasing to almost 10 GW by 2015/16.

Gas-based industrialisation is also progressing with the Ogidiningbe Industrial Park project which envisions petrochemical, fertiliser and independent power plants and a central processing facility on a 2,700-hectare location in Delta State, jumpstarting major gas-based industrialisation.

Further to gas for power and industrialisation, good progress is being made in the deployment of gas for automotive use through compressed natural gas (CNG). Over 2,000 cars have so far been converted to run on CNG and this conversion is continuing steadily. Overall, the effort in natural gas is creating a sustainable platform for positioning gas as the preferred fuel for the domestic market.

What has been done to mitigate the security issues surrounding the oil and gas sector?

Security concerns and other related ac-

tivities have been a serious threat to our operations, especially in the upstream segment of our business. These security challenges, which once stemmed purely from militancy in the Niger Delta, grossly impacted on our production.

Nigeria's production dropped to as low as 1 million barrels per day (mbpd) prior to the Amnesty Programme, due to a combination of factors not limited to pipeline vandalism, crude oil theft and community hostilities. The economic consequences

of these security challenges are reflected in project cost escalations and delays. In addition, vandalism, especially of pipelines

and flow stations, results in significant environmental damage which in itself results in costly remediation efforts.

These issues still linger, although not in the same proportion as in the last decade. With the implementation of the Amnesty Programme production increased to an all time high of 2.7 mbpd sometime in August 2012. We are still stabilising our production after the long period of instability.

In addition to the amnesty initiatives, all the tiers of government are making concerted efforts to effectively address this challenge. All the security agencies are collaborating in this effort and President Jonathan has taken this campaign to our international friends, especially the USA and Britain, who have extended hands of fellowship in stemming these unwholesome activities. Other efforts being employed in tracking stolen crude internationally include the possible use of fingerprinting technology in identifying stolen crude oil from Nigeria. ●



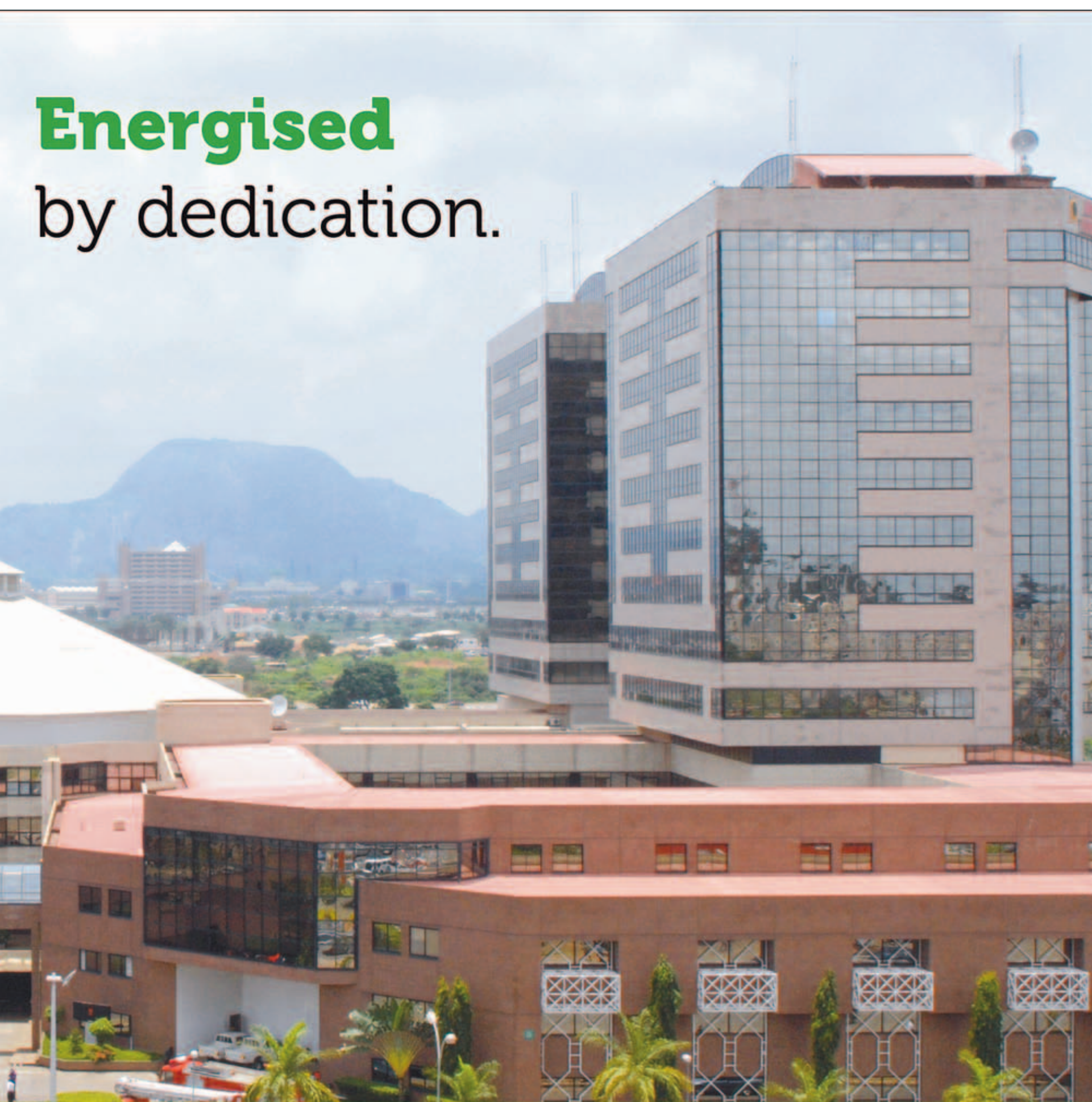
Atlas Cove Depot is Nigeria's largest petroleum product storage and distribution platform



Powered by commitment.

It is no secret that Nigeria is one of the wealthiest nations in the world in terms of oil and gas resources. Harnessing, managing and adding value to these resources is the Nigerian National Petroleum Corporation (NNPC) whose 12 strategic business units cover the entire spectrum of oil industry operations, from exploration and production and gas development to refining, distribution, petrochemicals, engineering and commercial investments. Well aware, however, that Nigeria's reserves are ultimately limited and that the future of power generation lies in

Energised by dedication.



renewable sources, NNPC's Renewable Energy Division spearheads the group's renewable energy initiatives, such as a bio-fuel programme that aims to create a sustainable domestic industry by integrating the energy and agricultural sectors of the country.

The NNPC strives to be a world-class oil and gas company driven by a shared commitment to excellence and to bringing greater wealth and benefits to shareholders and all Nigerians, alike.



www.nnpcgroup.com



Today, around 10 per cent of Nigerian crude oil production is undertaken by Nigerian exploration and production companies

The PIB, a “win-win situation for everybody”

The Petroleum Industry Bill will transform the Nigerian oil and gas industry for the benefit of all stakeholders

The long-awaited Petroleum Industry Bill (PIB) is set to completely overhaul Nigeria’s oil and gas industry, by effectively entrenching transparency and accountability in the conduct of oil business. The bill will introduce a new fiscal regime that will see the state reap larger benefits from the lucrative sector. It will also assure that transparency, accountability and good governance are the order of the day, and that more indigenous companies and people are involved in the industry.

Investment has been stagnant, but it is expected that once the PIB is passed, waves of foreign capital will once again pour into Nigeria and new explorations will kick start again.

The bill has been the centre of heated discussion and intense debate for five years now, with the government, international oil companies (IOCs), indigenous companies and local communities all seen as stakeholders. It is hoped that the bill will be passed soon for the benefit of all.

“It has been at the heart of government. Oil is the mainstay of the economy and it is important to focus reform on this,” says the Group Managing Director of the Nigerian National Petroleum Corporation (NNPC), Andrew Yakubu, who is certain that the PIB will result in a “win-win situation” for all involved.

There has been some understandable opposition to the bill from IOCs already operating in the country. They worry that the new fiscal regime and focus on local content could see them lose more of their profits through higher taxes and fewer incentives, as well as weaken their foothold in the market.

But Mr Yakubu believes that the IOCs have no justifiable reason to worry as their operational environment under the proposed law is still favourable for profitable business. He noted that the IOCs have, over the years, benefited a great deal from their operations in Nigeria under various oil regimes and that it is time they started to give a little more back to the country and communities in which they operate.

“We have looked at the regimes in other countries, and we have come up with what we believe should be a win-win situation. We believe that the PIB should be viewed as a comprehensive and holistic document by all stakeholders. If this is done, each stakeholder will find out that they have a lot to gain. For example, the benefit of running a transparent, predictable and accountable oil regime, which the PIB will entrench, more than compensates for any marginal losses the IOCs may suffer from the proposed fiscal regime. It is important that we create a conducive environment for all stakeholders to participate, and benefit from their participation,” he explains.

Apart from the restructuring of the industry, the bill will also see the restructuring of the NNPC itself. This is one of the “key objectives” of the PIB, according to the NNPC boss, which will “separate policy from regulation and from commercial activities.”

“I believe that this is a very positive thing to do, namely to separate these functions clearly, so that NNPC will be a clear commercial entity. In so doing, we can clearly develop our model and define our inputs and our expectations. Decisions will be taken in a purely business-like manner. I think that is a very positive side of the PIB.”

The NNPC will be restructured into three separate entities: a vertically integrated national oil company with a clear focus on both upstream and downstream activities, a national gas company, and a national asset management company. According to the GMD, the gas company will be a joint venture project with IOCs.

Further deregulation of the downstream sector under the bill will also be a welcome move for investors and is also encouraging more indigenous enterprises to get involved in the value chain.

Speaking on deregulation, the NNPC MD



The PIB aims to increase the involvement of Nigerian workers and companies

says: “Currently, we operate in a regulated petroleum product market. The partial deregulation of the downstream has also witnessed an upsurge in indigenous players in the sector. You will recall that private refineries and petrochemical plants are being developed and we are seeing on the horizon significant increase in private sector participation in the downstream and mid-stream sectors.”

The PIB is a clearly positive step for local companies and communities as they will become more involved in the industry. A stronger focus on local content, which began in 2010 with the creation of the Nigerian Content Act, is one of the main objectives of the bill.

“We have a growing and vibrant pool of indigenous exploration and production companies contributing about 10 per cent of Nigerian crude oil production,” states Mr Yakubu.

“NNPC and the government have consistently encouraged development of indigenous companies through various schemes. Wider participation of Nigerians in the industry was further strengthened by earlier legislations and the recent enactment of Nigerian Content Act.”

The PIB will also obligate IOCs to hire and train more Nigerians and to take on a greater number of local contractors.

This focus on community development and involvement will also help to quell the security threat even further. Community hostilities which have led to instances such as vandalism of pipelines were spurred by local communities feeling alienated from the industry. There has also been the general sentiment that the huge revenues are completely bypassing them and that they are seeing no benefits from the lucrative industry.

“The good thing about the PIB is the community aspect of the bill. There is a clear focus on involvement of the community. We believe that this is a very good direction. The communities of the oil producing areas are stakeholders, and they are also direct beneficiaries of investment,” says Mr Yakubu.

“So it is win-win for the investor, government and the community. That is a very strong tripod.” ●

Gombe State, the ‘Jewel in the Savannah’

Gombe has a governor at the helm intent on building on the state’s strengths and creating a new educational hub

The 2.4 million-strong northeastern state of Gombe describes itself as a “forward looking state with significant economic resources and mineral resources potentials.” Indeed, it is rich in human talent – which it is propelling forward through strategic investments in education – as well as abundant arable land. Agriculture, in fact, employs more than three-quarters of the state’s working population.

Elected governor in a landslide victory in 2011, Ibrahim Hassan Dankwambo left his post as accountant-general in the federal government, where he had served successfully for six years. As governor, he is implementing an agenda of education and infrastructure development, thus creating a solid basis for growth in all other sectors.

How would you like to see the federal government’s revenue streams diversified, and in particular what steps are you taking in Gombe?

In order to encourage people to pay more revenue in the form of taxes or of contributions to growth, we must be able to provide services like education, water and healthcare, and promote sectors like agriculture. These are the issues we are addressing in Gombe.

When the necessary infrastructure – like rural roads and access to water – is put in place, there will be a rise in agricultural production, thereby increasing the revenues of the farmers and the state. If we develop infrastructure, the cost of doing business will be reduced.

But businesses also require technological advancements as well as investment in education to have a workforce that is prepared and affordable. We are investing a lot in education to ensure that our products are competitive. When we succeed the levels of income will go up and gradually the ability to pay taxes will too.

We have potential in the area of mining of solid minerals; we are one of the leading cement producers, and we also have mineral resources like limestone and gypsum. Without the development of infrastructure, education and an improvement of health services, the cost of exploiting our resources and the cost of business will be very high and we won’t attract investment.

We are investing in bringing down the costs of doing business, and in increasing access to our products to the people living outside the cities. We are also enhancing



security to guarantee the safety of our citizens of Gombe and of any investor that wants to come to Gombe.

How has the violence in northern Nigeria affected foreign investment in your state?

Due to the security issues that affect our neighbouring states we have experienced a set back. There is the perception that all states in the northeast are affected by violence, even though Gombe is safe.

What, then, are the sectors that would prove most attractive to UK investors?

We’re looking at establishing partnerships to develop some of our solid minerals, like limestone and gypsum. Gombe has one of the finest coal deposits in the country. There’s a cheap and available source of energy. The minerals here are very close to the surface so the cost of extraction is very cheap.

I always say that the state of Massachusetts in the US doesn’t have agriculture and much industry, but they do have

education, and that is why we are developing education so Gombe can be an educational hub of talent development. We want to export talent from Gombe, and there is much potential in this sector. Gombe offers many opportunities and our experienced team is ready to establish partnerships with any investor; we want to convince investors to come here and to see for themselves our commitment as a government and as a people.

Gombe is a predominantly agricultural state. Our approach to the agricultural sector is to encourage farmers to increase their production. Our yield per hectare has gone up by 50 per cent compared with last year, yet it is still lower compared with the yield of other states. We’ve implemented incentives and farmer support programmes,

supplying them with fertilisers, training programmes and making arrangements with NGOs, especially with Sasakawa – a Japanese programme that teaches farmers how to increase production.

Our objective is that all agricultural products find their way to the market and not to the hands of middlemen. We’re developing a trading platform that will eventually become a commodities market for every person with a product to sell. It will be centralised and regulated by law. This is an ongoing process and we’re looking for investors to develop this market.

What is your administration currently doing to increase the quality of education in Gombe?

When we came to office the educational system was a little backward, so we brought together a group of experts in education to develop a programme for

revitalising the education systems in Gombe. A report was submitted and with the information in the report we developed a road map for the implementation of programmes and actions.

The key factor for the success of the programme is that it reflects where the people of Gombe want to go

and how they want to develop the education of the state, and that is why the programme is being very successful.

There are more classrooms and we are increasing the teacher-student ratio, providing more textbooks, encouraging girls to attend school and offering literacy programmes for older people. Within a year we have experienced many successes, and the percentage of students attending secondary education has increased. ●

“We are investing in bringing down the costs of doing business”

IBRAHIM HASSAN DANKWAMBO
Governor of Gombe State



The Education Trust Fund (ETF) Community Education Resource Centre in Gombe serves five other neighbouring states



in northeastern Nigeria lies Gombe, the “Jewel in the Savannah”, a state created just 16 years ago by carving out a territory from Bauchi State. Since 1996, Gombe State has been growing rapidly thanks to its abundant natural, human and economic resources. The state government strongly backs the education sector, having built new schools and colleges, expanding existing ones and hiring new teachers. Agriculture is another area that has received attention; farmers are benefiting from new machinery and fertilisers, the latter being distributed at subsidised prices.

now, Gombe aims to continue along the line of development, expanding into improving water supply and healthcare, building more roads, encouraging agro-industry, and promoting a nascent tourism industry. Investors seeking virgin opportunities in a land full of potential need look no further. The state government welcomes local and foreign entrepreneurs alike, to help it in its efforts in building a state that is stronger in every aspect.



virgin
opportunities
aplenty

Powering the industrial revolution

Reforms and privatisation are transforming the power sector and drawing in investors

Nigeria's lagging power sector could finally be on the verge of a long-awaited turnaround. The country needs to dramatically increase its power generation and upgrade its distribution network if it is to unlock its full economic potential.

The current installed capacity of 8,425MW is only just over 20 per cent of the government's goal of generating 40,000MW by 2020, with the actual capacity available at the moment only 50 per cent of the installed amount. As such, massive expansion of Nigeria's electricity generation, transmission and distribution infrastructure is needed, at a cost of an estimated \$100 billion over the next decade. Faced with such a challenge, the government is reforming the power sector and introducing private-sector participation to meet its ambitious targets.

Until 2005, the National Electric Power Authority (NEPA) held a monopoly of the sector and suffered from minimal investment, obsolete infrastructure and inefficient management. Since the Electricity Power Sector Reform Act 2005, the Nigerian Electricity Regulatory Commission has been established and the Power Holding Company of Nigeria (PHCN) created to take control of NEPA's assets and liabilities.

The Act also laid out the unbundling of PHCN into 18 successor companies – six generating, 11 distribution and one transmission company – that has led to the power sector's privatisation process currently under way. Furthermore, two special purpose entities have been established: a liability management company and a bulk trader, the Nigeria Bulk Electricity Trad-



Current installed capacity is just over 20 per cent of the 2020 target of 40,000MW

ing Company, to build trust between the generation and distribution companies.

"Through the bulk trader, the World Bank is providing a partial risk guarantee, which gives confidence to the generation companies in case the distribution companies do not pay for the power," says Bolanle Onagoruwa, Director General of the Bureau of Public Enterprises (BPE), the government's reform and privatisation agency.

"Our process is to ensure that we put everything in place to create an enabling environment to attract investors to any sector that we want to privatise."

Over the past year, the authorities have received interest from bidders around the world for the unbundled companies. "We stipulate that if you are coming in to buy a distribution or generation company, you will have had to run one yourself. We are not looking for equipment manufacturers, but operators," says Mrs Onagoruwa. "This is the first time we have gone out to invite people to Nigeria to invest and we have been able to attract some measure of interest." ●

Diversification of the economy gains pace

The ongoing push to diversify Nigeria's economy away from its dependency on the dominant oil and gas industry is highlighting opportunities in an array of other sectors.

In the underserved and rapidly expanding retail and real estate market, the Persianas Group has developed the country's first internationally specified, purpose-built shopping mall: The Palms Shopping Centre in Lagos. The largest shopping centre in the country, the company has built on the success and popularity of the \$50-million project to create the Polo Park Mall in Enugu State, with Kwara Mall in Kwara State and Ibadan Mall in Oyo State also under development.

The group's interests involve the property development, asset management, retail, investment and hospitality sectors. Last year, the International Finance Corporation (IFC) announced its intention to invest N20

billion (\$124 million) in the group to support its growth strategy. IFC Regional Industry Director Oscar Chemerinski stated: "IFC's partnership with Persianas supports a rapidly growing, more diversified economy and encourages private investors in the Nigerian retail and commercial property industry. Persianas' property developments provide a platform for smaller businesses to expand their retail operations."

President of the Dangote Group, one of the most diversified business conglomerates on the continent, Alhaji Aliko Dangote believes that there has never been a better time to invest in Africa than now. He has also affirmed that Nigeria is "one of the best places to make money" and that in Nigeria alone, his group is investing \$8 billion in oil refining and \$2 billion in fertiliser over the next five years. The Lagos-based group is also involved in

cement manufacture, food production, agriculture, logistics and real estate.

The Dangote Group's annual turnover has rocketed from \$200 million in 1998 to now exceeding \$3 billion. "Others only looked at the difficulties of doing business in Nigeria, whereas we saw the opportunities," comments Knut Ulvmoen, Group Managing Director of Dangote Cement. The company's Obajana Cement Plant is the largest in Africa and expansion plans to boost capacity to 13 million tonnes per annum by 2015 will make it among the largest in the world.

One of the most experienced operating-asset buyout investors in Nigeria, Transcorp focuses on the agribusiness, hospitality and energy sectors, and is also investing heavily in infrastructure. It recently won a \$300-million bid for the rights to the Ughelli power generating plant, which was thrown open

to private tenders and in need of modernisation. "The privatisation process has looked at all the links in the chain and we are all ready to move forward together. Nigeria should be looking at an extra 500-700MW within five years from this plant," says Obinna Ufudo, Transcorp's President and CEO.

In Benue State, the company has set up the only juice concentrate plant in the country, with the capacity of processing 26,500 metric tonnes of orange, mango and pineapple per year. "The benefits for everybody will be immense," says Mr Ufudo. "Farmers in this region currently live off selling about 50 per cent of what they produce, with the rest going to waste. While trading with us, they will find they will be able to sell a larger stake and possibly all of their produce, thus increasing their wealth and incentivising them to increase the volumes they produce." ●



The expansion of Dangote Group's Obajana Cement Plant will make it one of the world's largest by 2015



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