

part one of a series on

NIGERIA

The Great Leap Forward

Nigerians are feeling good about themselves. This positive message emerged on the eve of this year's World Economic Forum in Davos, as part of a BBC-commissioned poll conducted amongst citizens of 32 countries worldwide. 64 percent of Nigerians polled believe their personal economic situation is improving. Such a show of confidence is an important indicator of this nation's eager steps towards recovery. Because it is Nigeria, looked up to and regarded by many African nations as a role model, it simultaneously sends out a powerful signal for the entire continent; Things are starting to get better.

There is however no room yet for complacency. Even if Nigerians hold the World Bank's activities in highest regard, a majority still needs convincing that officials are handling development funds effectively. Issues such as the Niger Delta oil revenues are still cause for concern with locals who want to see profits put to better use, tangibly benefiting the community. President Obasanjo's government has been working tirelessly to make the most out of Nigeria's wealth. Apart from development plans induced by the World Bank, the government has created a home-grown document outlining all the reforms necessary to bring the country up to par. Aptly named NEEDS (National Economic Empowerment and Development Strategy), the 2004 document has become Nigeria's reform bible for achieving development, growth and macroeconomic predictability. The country sits on the world's ninth largest proven oil reserves. Yet unlike many of its oil-producing peers, Nigeria's GDP per capita is a mere \$290, with 66 percent of the nation's 140 Million people living on less than a dollar a day. Poverty alleviation is a priority which constitutes economic diversification as well as reforming the oil industry to increase income, by investing in refineries rather than just exporting the crude product and having to pay dearly for importing petroleum. This may mean citizens will not immediately see the positive side of change.

■ Sowing the Seeds of Growth

Nigeria is no stranger to diversity. Its population is a rich blend of over 250 cultures and languages, co-existing in the country's 36 states and the Federal Capital Territory of Abuja. Each state is given the responsibility of utilizing its assets to secure economic welfare. This might be more difficult for some of the more remote states with few minerals or crops to harvest, but Nigerians have generally proven to be resourceful, even at grass-roots level. Key however is good governance.

The most productive regions have been the ones with clear guidance, and a leader who is able to communicate his vision equally with citizens, civil servants and the corporate sector. To bring all departments together under one common guideline the states were urged to provide an individual document named SEEDS. Vice President Atiku Abubakar explains that SEEDS created conformity with the national strategy. "Each state has its own private areas like agriculture, solid minerals, trade and so on. All the states, diverse as we are, also have a varied economy. No two states have the same objectives but we can harmonize all these aspects in one direction and guide all fiscal matters from the federal government up to a local government level."

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President Olesgun Abasanjo

The self-help strategy is an excellent initiative and part of President Obasanjo's plan to alleviate poverty. He has been actively campaigning for debt relief to underdeveloped nations and even though Nigeria has income from oil, his country is also on the list of those desperately in need of debt relief. "At the end of the millennium the international community woke up," says Obasanjo. "It was decided that there must be 'millennium development goals', goals which the developing countries must achieve. By the year 2015 poverty in the developed world, the developing world, the medium and low income world should be halved. We cannot have the burden of debt if we want to achieve this goal for Nigeria." According to Vice

President Abubakar the situation has become a challenge to resolve. "You have a country with a huge population and a very small income which has pervasive poverty and cannot sustain its own debt," he clarifies. "We are talking about an oil related income of \$15-20 billion. Then if you look at the repayment terms, we need to pay about \$5 billion every year. Depending on the fluctuation of oil prices, you are left with about \$5 billion and how is it possible to develop a country with the size of Nigeria's population?"

■ Developing the Capital Territory

Currently fewer than 25% of Nigerians are urban dwellers, which makes agriculture the prime method through which poverty can be battled. Great strides are already being made to increase this sector's production, creating employment and income for many rural citizens. But by 2015, 45-60 percent of the population is expected to reside in or around metropolitan areas. The Federal Capital Territory in the heart of Nigeria covers both sectors, as two-thirds of the territory is agricultural land surrounding the capital Abuja. The decision to create the FCT was made in 1976, with construction work on the new capital starting in 1980. Abuja was officially inaugurated in December 1991. Lagos still remains the commercial centre of Nigeria, but as the FCT Minister Mallam Nasir El-Rufai explains, the orderly functionality and beauty of the city is attracting many businesses. "Particularly foreign companies, Chinese, European and telecoms are choosing to relocate their headquar-

ters," says El-Rufai. "Abuja is becoming the second or third most important commercial city in Nigeria. Our administration is recognizing these changes and we're trying to provide the infrastructure and municipal services to support such a growing population."

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Mallam Nasir El-Rufai, Minister of the Federal Capital Territory

The Minister has been praised by various institutions for his development of the city and surrounding areas, including the United Nations Development Program, which has funded the FCT with over \$10 million. UNDP-supported projects include SME's, capacity strengthening for sustainable urban environmental management, increased HIV/AIDS awareness programs and technical trainings. El-Rufai asserts that: "We all share equal commitment in the gains and pains of building a new federal capital for our nation," referring to the necessity to remove illegal structures in satellite communities to facilitate urban renewal. "We inherited a legacy of 16 years of military rule where everything goes. Buildings went up in the wrong places, on utility lines, under high tension electrical lines so we had to remove these constructions. There has been massive support from the communities as they see we are providing infrastructure and achieving the vision of Abuja's founding fathers."

Apart from investing in Abuja and its international airport to create an African convention capital and increase tourism, the FCT commissioned an additional treatment plant to improve the supply of potable water and agricultural irrigation. Minister Mallam El-Rufai believes Nigerians play an important part in the development of their country and the continent, at home as well as abroad. "Citizens in diaspora sent home 36 billion Naira (\$278 million) last year, second only to oil earnings." President Obasanjo shares this view and is adamant that his own people, together with foreign investors can enhance Nigeria's leading role in Africa, building on the President's peace-keeping efforts which have earned the respect of many African and international nations. "I spoke to one Nigerian in America whom I invited to come back here five years ago. Now he is making a very important contribution in the area of information and communication technology. We want people like that, we want the Nigerians who can contribute and invest. Of course we also want the non-Nigerians who believe in our future, which is very important. We have to create the credibility, the confidence, the predictability, and of course the security and peace."

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Generating the African Ambition

On economic terms Nigeria should not need to be compared with many of its African counterparts. It has abundant resources, human as well as mineral, a diverse commerce base and since 1999 an ongoing democratic governance. Whilst many African nations already regard Nigeria as a continental leader, giving them the power to rise above their own situation, the country itself is strapped for energy. The demand for electricity has been growing annually as Nigeria strives to join the high-tech era; an estimated 10,000 Mw is needed to power its potential. The recently reformed Power Holding Company of Nigeria, formerly known as NEPA, is hard pressed to provide even 4000 Mw, as low water levels render Hydropower plants below capacity and the country's debt leaves little funds for modernization of the national grid. And so, where Africa's most populated country should be progressing, most parts are in fact lagging behind.

It is now hoped the great leap forward will come from the energy sector's privatization. Generation, distribution and transmission have been divided into more independent departments, remodeled to work as a private company. "We are in the process of transforming a monopoly into what we believe should be a viable business enterprise with a number of business units created out of this monopoly," Minister of Power and Steel Liyel Imoke explains. "We are transiting from a 100 percent government-owned and supervised organization to multiple agencies and business enterprises to achieve improved service delivery across the board." Minister Imoke agrees that this raises many challenges. "There is still an overwhelming governmental responsibility to provide a service to Nigerians. It's going to be critical for us to have an agency that can regulate a deregulated power sector in Nigeria. For the time being, we can bring the private sector into management and operations and of course by doing that we will substantially improve our efficiencies."

Privatizing the power market is often likened to the telecommunications process in Nigeria for its potential. Vice President Atika Abubakar points out that today Nigeria is the fastest growing telecom sector with: "amazing growth and tremendous potential for the future, that is exactly how the electricity market is going to expand." Minister Imoke agrees. "The power sector in Nigeria is probably the most attractive sector in the world. You have 120-140 million people living in Nigeria, with less than 4 million metered customers, so you can very quickly get to 10 million metered customers."

■ Powering the Potential

The man in charge of moving PHCN into the private market is its Managing Director Joseph Makoju. The diligent engineer says his organization is working on

the edge of human endeavor to maintain service to the country, in all facets stipulated by the reform law passed in 2005. "New houses and factories are being connected and usage of electricity is increasing," he says. "For the first time we are on track regarding a program that should ultimately take us into the first stage whereby within the next two years we will have the capacity to meet demand. The second phase is privatization in which the government has created a level playing field for investors. Generation has been separated into about seven companies. Distribution will be broken into eleven business units which ultimately will also be floated." Makoju has made fighting corruption within PHCN one of his prime tasks and has already relieved the company of 4,000 employees discharged for malpractices. "As with anything that is scarce you will very often find that there could be a culture for abuse. This is a battle we have been fighting in a very structured way," he assures.

Another possibility for securing a steady supply of power is via independent power plants. One of the first states to opt for an IPP was Akwa Ibom. The state's charismatic governor, Victor Attah, has made prosperity, or what he calls 'delivering the dividends of democracy' his driving force. He has aimed to strike a balance between feeding the people and building a future. "I saw the rewards that Silicon Valley, North Carolina and India were reaping from IT development and investment in infrastructure, and I believe Nigeria has all the characteristics to have a profitable go at those sectors. The first important thing was to secure power supply. That is why we went ahead with building one of the first IPP's in Nigeria." Managing Director Gareth Wilcox of IbomPower says that the first phase of the IPP, costing \$140 million and entirely funded by Akwa Ibom, will generate 180 Mw by the end of the year. Phase 2, for which the state is attracting investors, will add an additional 500 Mw in 2007. "We have signed a power sharing agreement with PHCN who will buy the total capacity for distribution on the national grid, giving priority to Akwa Ibom," says Wilcox. The plant will be able to cover the states' needs and infrastructures, including a new international airport, refinery, IT university and science park. Governor Attah attributes his success to his architectural background. "I was a private sector man, so I decided to run this state along those lines. Someone told me I was trying to run the state as a business, and I told him, exactly! That is why we are reaping the rewards and creating successful businesses."

The formula has therefore been proven and when applied to the national network, nothing it seems will stand in Nigeria's way of fulfilling its ambition.

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Abuja

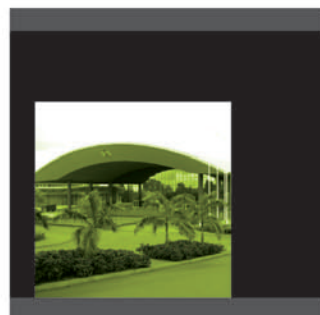


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