

Nigeria

Part One



LOCATION
Western Africa,
bordering the Gulf of
Guinea, between
Benin and Cameroon

CAPITAL CITY
Abuja

CURRENCY
Naira (NGN)

POPULATION
132 million
(2006 est.)

LABOUR FORCE
48.99 million

LANGUAGES
English (official)

EXPORTS
Petroleum and
petroleum products
(95%), cocoa, rubber

IMPORTS
Machinery, chemicals,
transport equipment,
manufactured goods,
food and live animals

GDP GROWTH
5.6% (2006 est.)

GDP PER CAPITA
\$1,400

Source: CIA
The World Factbook

High time for rightful economic eminence

Africa's largest democracy — more than 60 million voters — is going to the polls this month to elect a new president and a new parliament. It is the third time that Nigeria has held elections since democratically elected government replaced military rule seven years ago. Moreover, it will mark the first occasion that one elected president has handed over power to another.

At the end of his second term, President Olusegun Obasanjo will be leaving the Nigerian economy in a far healthier state than when he took over in 1999. Furthermore, there is every sign that the reforms that have made the country Africa's fastest growing economy will continue.

Nigeria is in almost every sense of the word a big country. Endowed with huge natural and human resources, it is Africa's most populous nation. There are abundant untapped solid mineral deposits and vast areas of arable land awaiting cultivation. Most importantly, it has enormous reserves of oil and natural gas. Its status as the world's eighth largest oil exporter — and fifth biggest supplier to the United States — make its future a matter of international significance.

The legacy the Obasanjo administration inherited from the military dictatorship was one of economic decline, underinvestment and debt. Today, the situation is very different. According to the ministry of finance, the GDP growth rate has averaged 7.6% per annum over the past three years, which have been characterised by fiscal prudence, enhanced revenue earnings, reduced debt, lower inflation and stabilised exchange and interest rates.

Major strides have been made in laying the foundations for future prosperity, including massive investment in core sectors of the economy such as power, water, health, education, agriculture and transportation. But there is still a long way to go. Nigeria faces huge challenges, including the battle against poverty, HIV/AIDS and malaria, along with the need to find employment for its young and rapidly expanding population. However, there are also great opportunities for the country to emerge to preeminence among its African peers, to increase its national wealth and improve the living standards of its people.

Last month, Fitch Ratings assigned Nigeria a sovereign credit rating of BB minus for the second year running, the same rating as for Indonesia, Turkey, Ukraine and Venezuela. The level of foreign direct investment in Nigeria is one of the highest in Africa and in real dollar terms it boasts one of the highest returns on investment.

Professor Chukwuma Soludo, Governor of the Central Bank of Nigeria, says the country has the potential to oust South Africa as the continent's largest economy. He firmly believes it can sustain a target annual growth rate of more than 10% in the medium term, become Africa's financial hub and rank among the world's 20 largest industrialised economies by 2020. "There is no reason why we should not overtake South Africa in the next two decades, if we continue with reform," he states. "The economy can still double the rate at which it is growing today and, if it does, we will be the number one economy in Africa." ●



Nigeria is at last on course to fulfil its potential as a top 20 global economy by 2020

With its strategic location in the oil-rich Gulf of Guinea and a host of incentives and other support services, the Oil and Gas Free Zone Onne is perfectly positioned to serve the business needs of multinational & indigenous companies in the dynamic and ascendant Sub-Saharan oil and gas industry.

With an overall investment of 300 million USD to date, the Oil and Gas Free Zone offers world class facilities for global/regional operators and is a driving force behind local and economic growth.

More than 120 oil and gas companies including multinational Exploration & Production/service companies are registered clients at Onne.

As the only dedicated Oil and Gas Free Zone in the world, the future looks bright for Nigeria's flagship industry.





OIL & GAS

Free zone is a focal point for west Africa

Ten years on from its official opening, Nigeria's Onne Free Zone continues to develop as a strategically placed hub in a region that has become one of the world's fastest growing sources for oil and gas. The only free zone in the world dedicated to the oil and gas industry, it is located in the centre of the Gulf of Guinea, near Port Harcourt, River State, making it ideally positioned to serve the west African petroleum market.

Managed by DMS International, the zone has attracted approximately 120 companies, including major oil exploration, production and service multinationals, such as Agip, Elf, Shell, Texaco and ExxonMobil, as well as local Nigerian enterprises. New investors continue to arrive – among the most recent is the Ukraine-backed Starex Petroleum Refinery Company, whose new facility will create 25,000 jobs.

The objectives of the Onne Free Zone include development as a distribution centre for west and central Africa and expansion to allow process and manufacture. "The zone is not just limited to activities for offshore or onshore, downstream or upstream, but cuts across virtually every field. We intend to progress to heavy industry," says Noble Abe, the zone's managing director and CEO.

Advantages for companies setting up in Onne include freedom from corporate tax, exemption from import and export duties within the zone, 100% foreign ownership and repatriation of capital and profit, a free expatriate quota and the opportunity to access markets in the west African sub-region.

Dr Abe says the incentives and minimum bureaucracy are attracting investors who might otherwise not have considered the country: "A lot of companies that would have been reluctant to come to Nigeria are here because of the free zone."

In addition to attracting foreign investment, the benefit for Nigeria is in job creation, skills acquisition and technology transfer. Local capacity building is seen as a way of increasing the participation of Nigerians in the industry, thereby generating more employment and economic empowerment.

A number of the zone's licensees have transferred activities previously performed overseas. "Such transfers have contributed greatly to the increase of local content within the oil industry," says Dr Abe. "This is what it is about: for us to be able to build capacity within our economy." ●

FEDERAL CAPITAL TERRITORY ABUJA

Celebrating 30 years of technological and social advancement



Officially inaugurated as Nigeria's capital in 1991, Abuja has come a long way since its foundation just over 30 years ago. With a 25-year development plan in place, the city is moving confidently ahead

Federal Capital Territory (FCT) Abuja is the focal point of a nation that encompasses some 300 cultures and languages, spread over the 36 states that comprise the country of Nigeria. Relocation of Nigeria's capital became necessary when, in the 1970s, it became apparent that the sprawl of Lagos could no longer viably expand to meet the growing needs of a large population, nor house the infrastructure required to forge ahead with governmental plans for expansion and economic growth. Thus the Federal Capital Territory was born. Geographically and culturally the centre of Nigeria, the area was the natural choice due to a lack of previous industrial development and its large expanses of verdant terrain. Its central location also affords greater accessibility for Nigeria's populace, unlike Lagos.

Officially unveiled as the capital of Nigeria in December 1991, Abuja last year celebrated 30 years since its initial founding. The city has come a long way since 1976, rapidly expanding and cementing its position as the second most commercially important city in Nigeria. The majority of foreign embassies in the country have relocated to Abuja, and the city is also the headquarters of the Economic Community of West African States and the regional headquarters of OPEC. In celebration of 30 years of upward momentum, the Abuja authorities hosted a special football match between Nigeria's World Cup 94 team and a rest of the world 11. Proceeds from the game went towards a housing project in the Kuje area of Abuja. The city is also in the running to host the 2014 Commonwealth Games. It is a far cry from what confronted Mallam Nasir Ahmed El-Rufai when he

arrived to take office as Minister for the Federal Capital Territory Abuja in 2003.

"When I came here we had the FCT Ministry, but it soon became apparent that we couldn't run a city like a ministry. There was a pervading perception of corruption and mismanagement, so we had to take drastic action to restore some sanity and accountability in the way we do business. When you inherit a system moulded by 20 years of military rule it is difficult to change the way people think. We restructured our staff and took in hand the master plan for the advancement of Abuja. In the first year and a half it was difficult, I made a lot of enemies. But I also made a lot of friends because people could see that we were trying to treat everyone equally."

It was a policy that, although politically precarious, reaped immediate rewards.

"It had always been possible but people had been reluctant to apply this ethos. The majority of people in Abuja are happy that we did, because the city is getting better."



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

Among the steps taken by the FCTA was the improvement of the city's environment, to raise the quality of life for citizens. A citywide cleanup operation and vast improvements in healthcare and education soon won round the initial sceptics. A dedication to tackling street crime was also a factor in the city's regeneration. The FCTA removed 13,000 illegal shops and immediately a drop in pickpocketing was witnessed. "We want Abuja to be the most beautiful and inclusive city on the African continent, and among the most beautiful in the world," states Mr El-Rufai.

The Federal Capital Territory is also a continental leader in ICT advancement, having been one of the first cities in the world to provide its citizens with blanket wireless internet coverage.

"Technology is the key for African nations to join the ranks of developed countries. We are developing Abuja Technology Village, so that we can tap

"We want Abuja to be Africa's most beautiful city, and among the most beautiful and inclusive in the world"

into the entrepreneurial talents of Nigeria's people. We want to become the Silicon Valley of Africa, and we are working

around the clock on this."

Mr El-Rufai's vision for Abuja is founded on the 25-year development plan for the city, which his administration has been meticulously adhering to. Abuja is set to challenge Lagos in terms of economic strength, and the infrastructure to propel the city to the forefront of African and worldwide consciousness is in place.

"We have the environment, the infrastructure and the know-how to attract conferences and sporting events," says Mr El-Rufai. "We have the best athletics and football arena on the continent, we have hosted the 8th All Africa Games and the Commonwealth Head of Government Summit. We have been shy about blowing our own trumpet. In the last five years we have welcomed presidents, world leaders and business people, and they have been amazed at how beautiful the city is and how well it functions. Now is the time for our confidence in ourselves to shine through." ●

www.fct.gov.ng
www.abujaat30.com

TELECOMMUNICATIONS

Private enterprise provides boost to vital infrastructure



The leasing to private operators of a largely dormant telecommunications facility belonging to the national power utility heralds a new dawn that will bring major benefits to the economy

In a country as vast as Nigeria, connecting up the communities, cities and regions with physical infrastructure is both difficult and extremely costly. This makes the contribution of telecommunications towards the economic and social development of the country even more vital.

Stanley Jegede, managing director and CEO of the integrated long distance telecommunications company Phase 3 Telecom, makes an apt comparison: "Bandwidth is to the new economy what roads and railways were to the old."

Incorporated in Nigeria in 2003, Phase 3 con-



Using high bandwidth technology will allow the network to cope with large increases in demand

trols one of the largest optic fibre backbone networks in the country, which it is in the process of extending and developing with an investment of \$100 million. The company won a highly competitive bidding process, beating a dozen rivals to take over the western half of the network belonging to the state-owned Power Holding Company of Nigeria (PHCN). The optic fibre cable, carried high on electric power grid pylons, enables the transmission of voice and data across long distances.

The 15-year concession deal was part of the Obasanjo government's privatisation programme that has transformed the wider telecommunications landscape in Nigeria. The network now being expanded and commercialised by the company covers the north-west, mid-west and south-west areas of the country. It includes major cities such as the Nigerian capital Abuja, Lagos, Kaduna, Kano, Benin and a host of other more remote locations.

Since taking over the infrastructure last year, Phase 3 has been working to double the distance spanned from approximately 1,000 miles to 2,000 miles. "Our ability to roll out fibre rapidly also means we can deploy additional routes at much shorter notice than anyone else in Nigeria," states Mr Jegede.



Stanley Jegede
MD & CEO
Phase 3 Telecom

Development of the network will give a major boost to nationwide connectivity and the government's drive to provide universal access to ICT. Potential beneficiaries of the infrastructure include state agencies, telecommunications operators, businesses and financial institutions, along with education and health organisations.

"As soon as we finish building the most needed capacity within the country, our goal will be to go to the region and acquire licences within other countries to link other west African countries," says Mr Jegede. The company also offers international connectivity through the SAT3 submarine communications cable.

Use of versatile and high bandwidth capable DWDM multiplexing technology enables the network to accommodate large increases in demand for bandwidth and the introduction of new technologies for more cost effective communication.

According to Mr Jegede, Phase 3's mission is to deploy the infrastructure to the maximum advantage of Nigerians. "We understand the linkage between a high bandwidth per capita and GDP improvement in modern economies, so we aim to facilitate this improvement and its benefits in Nigeria." ●

Since its incorporation in 2003, Phase3 Telecom has worked tirelessly

to create the broadest-ranging and most reliable telecommunications backbone network in Nigeria. As a private company, Phase3 Telecom enjoys the flexibility to provide unprecedented capacity, security and coverage. With a fibre-optic network of over 3,000km and the ability to deploy additional routes at short notice, Phase3 Telecom is perfectly placed to be the best provider of carrier-grade international voice services and long distance transmission in Nigeria, in line with our vision to build the most widely available and capable data backbone network in the country, linking the businesses, people and communities of Nigeria to their counterparts across the world.

Connecting More Networks...

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Chief Executive Officer: Stanley Jegede





TELECOMMUNICATIONS

Celtel is aiming for lion's share of burgeoning mobile market



Having entered the Nigerian market last year by taking a controlling stake in established operator Vmobile, Celtel is working aggressively to become the leader in the field of mobile telecoms

Nigeria's mobile subscriber base hit 30 million at the end of 2006 – a staggering increase of 11.4 million in a year. Accounting for almost a quarter of the continent's annual mobile growth, it puts Nigeria well on the way to overtaking South Africa as Africa's largest mobile market.

This rapid rate of expansion comes as no surprise to Adebayo Ligali, the managing director and CEO of Celtel Nigeria. He harbours no doubts about the prospects for Nigeria's telecommunications industry. "We know that in Nigeria this industry will continue to grow by a minimum of 40-50% for the foreseeable future," he says.

Since paying in excess of \$1 billion for Vmobile last year, Celtel Nigeria has been pouring money into developing its newly acquired network with an aggressive programme of expansion across the country. Within the next year it aims to boost its subscriber base to 20 million.

The network currently covers more than 600 towns and 8,000 communities across Nigeria's

six geopolitical zones. The company is rolling out an average of 100 base stations every month, extending even into remote rural areas with the aim of covering 95% of the population by the middle of 2008. In February, Celtel signed a \$50-million contract with Motorola International to expand its GSM network within the south-east and south-south regions.

A quality and customer service upgrade is also underway in line with the Celtel slogan, "Making life better". Mr Ligali makes no secret of the company's ambition to rapidly move up to the top position of the GSM industry in the country. "There is a huge opportunity out there, particularly in the rural areas," he says. "It's all about the coverage and the quality."

Entry into the highly lucrative Nigerian market has been the realisation of a long-held ambition for Celtel International, Celtel Nigeria's parent company, which is itself owned by the MTC Group of Kuwait. Already the most successful pan-African mobile network, Celtel International operates in 15 African countries, boasts more than 17 million customers and has mobile licences covering almost half the continent's population.

Last month, Celtel Nigeria was one of four op-



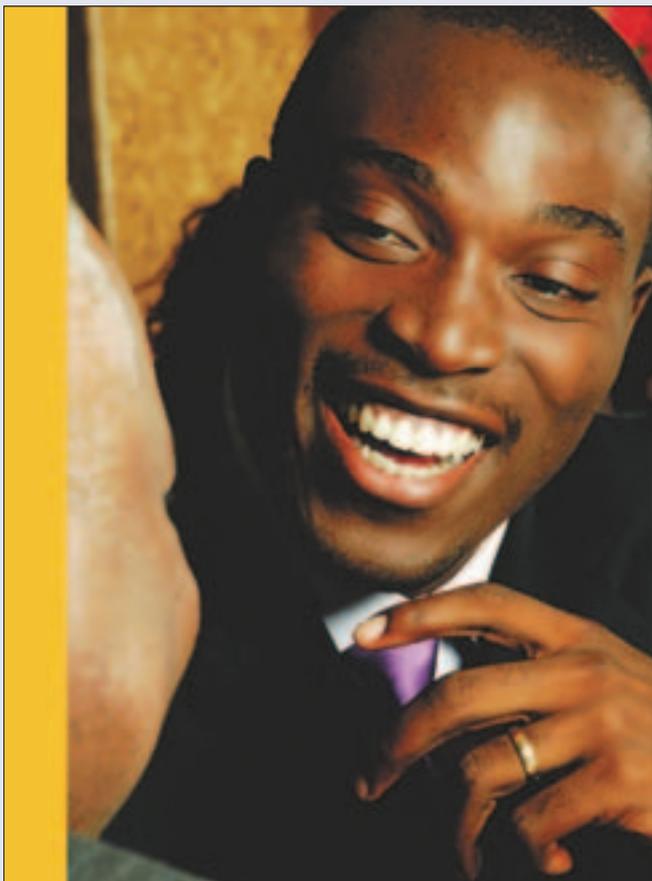
Celtel International was eager to incorporate Nigeria into its fast growing pan-African mobile network

erators in the country awarded 3G telecommunications licences that will allow it to provide its customers with enhanced capabilities and facilities.

The effect that the company has had on the industry was recognised in February when it was named the Brand of the Year at the 2007 Thisday Awards for Excellence and Good Governance in Lagos. Organisers Thisday said few brands had made such an impact and that the transformation of Vmobile to Celtel Nigeria "gave the new entrant, Celtel, a mileage that shook the competition." ●



Adebayo Ligali
MD & CEO
Celtel Nigeria



**Welcome.
Possibilities.**



Making life better



FLOUR MILLS OF NIGERIA

One of the most diverse conglomerates is anything but run-of-the-mill

A dynamic Nigerian institution with thousands of employees and consistent yearly growth, Flour Mills of Nigeria has a range of subsidiary companies involved in a diversity of activities, from flour and pasta to cement, fertiliser and animal feed production, with the company now investing in expanding its port operations

Founded in 1960 as a private enterprise, two days before Nigeria's declaration of independence, Flour Mills of Nigeria has grown from a single flour mill producing 450 metric tons per day into one of Nigeria's largest conglomerates and employers.

Listed on the Nigerian Stock Exchange since 1978, the company has not only met all macro-economic challenges over the years, but it has also grown to become a profitable market leader with a popular brand portfolio, extensive distribution network, turnover in excess of NGN 90 billion (£377 million) and a highly skilled workforce.

Today, Flour Mills boasts the world's second largest single mill, milling 5,500 metric tons per day, and a host of subsidiary companies involved in activities as diverse as flour production, bulk cement handling, the manufacture of polypropylene bags, pasta production, export

of animal feeds, fertilisers and the recent addition of port operations.

"All of these businesses — flour and pasta, cement, bags and fertilisers — have grown over time," explains Chief Emmanuel Ukpabi, managing director of Flour Mills of Nigeria. "Our flour production has grown from 450 metric tons a day in 1962 to today's level. The bag plant started production in 1970 at a rate of 1.5 million bags per month, and today it produces 25 million per month. The pasta plant also started production in 1970, producing only 18 tons per day. Today it is up to 400 tons per day."

This steady growth rate has paid dividends, allowing Flour Mills to invest, together with its international partners Holcim of Spain and Orascom Construction Industries of Egypt, \$440 million (£227 million) in a new state-of-the-art cement plant in Calabar, Cross River State, with a yearly capacity of 2.5 million tons. The project is in line with the government's policy of maximizing the use of natural resources in Nigeria and reducing dependence on imports.

A further investment of \$5 million (£2.6 million)

in the shipping terminals and equipment, managed by subsidiary Apapa Bulk Terminal Limited, has increased cargo capacity and shortened unloading times.

"It is a very important part of our business," comments Chief Ukpabi. "Apapa Terminals offers us the ability to unload three or four vessels simultaneously, speeding up our supply chain. It also means we can now service larger ships, which reduces the cost of handling freight."

Last year the company invested \$15 million in a 21 MW gas-fired power plant providing a much cheaper, cleaner and more efficient energy source

to power its operations. "This investment has greatly improved our efficiency, reduced costs of production and is operated in keeping with the highest environmental standards," adds Chief Ukpabi.

As a culmination of its consistent growth and expansion, Flour Mills Nigeria recorded a turnover of NGN 86.7 billion (£364.3 million) for the financial year 2005/2006.

As a Nigerian institution with thousands of employees, Flour Mills takes social corporate responsibility seriously. Work safety is intrinsically woven into the moral fabric of the company. Employees receive free counselling and help with treatment to combat the aids epidemic. Educational training programmes for employees, school children and university students are also financed. ●

Investment in a 2.5 million tons per annum greenfield cement plant in Calabar enhances the company's position and creates thousands of jobs in the process



After more than 46 years in the business, it's no surprise at all that Flour Mills of Nigeria has grown into the biggest flour mill in Nigeria, as well as the second largest in the world.

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

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

Flour Mills of Nigeria plc

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BANKING

Embracing change to stay ahead in an increasingly competitive environment



Founded in 1894, First Bank of Nigeria is one of Africa's leading banks, but far from resting on its laurels, it is at the forefront of change in an increasingly competitive industry



Expansion and modernisation of the extensive branch network is part of the bank's strategy

With a history going back well over a century and a well-established reputation as one of Nigeria's largest and most respected financial institutions, it might be expected that the defining characteristic of First Bank of Nigeria would be tradition. In fact, its strategy for remaining at the top of the industry is based firmly on growth and modernisation. According to Jacobs Ajekigbe, managing director and CEO, the bank is "driven by the implementation of a culture of continuous improvement."

Over the decades, First Bank has been an important contributor to the growth of the Nigerian economy — playing a key role over the last decade in particular in the financing of private investment in infrastructure development. For many Nigerians, the bank's size, stability and longstanding presence has provided reassurance that their savings were safe even during times when confidence in the industry was low.

Today, the banking environment is going through

a period of huge change. A first wave of consolidation, prompted by new minimum capitalisation requirements and tighter regulation, has cut the number of banks from 89 to 25, with a second wave expected to follow through mergers and acquisitions.

First Bank has recognised the need to adapt to stay ahead in a more competitive industry. Five years ago it embarked on a brand transformation programme under the slogan "Dependably Dynamic" and it is clearly paying off, judging by the bank's most recent financial results.

Bold steps have been taken to reengineer the bank's processes, staffing and services, which have

culminated in the reorganisation of the executive management and the adoption of a new operating model. Already boasting almost 400 branches — the largest network in the country — the bank continues to open new offices and to modernise its existing premises.



Jacobs Ajekigbe
MD & CEO of First Bank of Nigeria

Last year, a new suite of retail and customer banking products was launched under the brand name "U-First" to provide enhanced services and greater flexibility to customers.

Information technology has become the backbone of the bank's operations, supporting and driving service processes and delivery. Mr Ajekigbe says the bank is currently leveraging IT to develop and deploy cutting-edge products tailored to meet the differing needs of its customers. Currently, more than 80% of the branch network is online, with the rest due to follow later in the year. "In the years ahead technology will continue to drive our business and we will target complete automation of our operations," says the CEO.

"The fact that a significant proportion of the Nigerian banking public has a business relationship with the bank attests to the enormous strength of our brand and the success of our commitment over the years to building the industry's most robust infrastructure backbone," adds Mr Ajekigbe. ●

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Today's FirstBank
New Drive
New Identity

www.firstbanknigeria.com

National icon. International player

FirstBank
Established 1894