

# NIGERIA

Part 3

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## Regional integration to boost the nation's economy

The country is opening doors to increased intra-African trade and arousing international interest in its markets

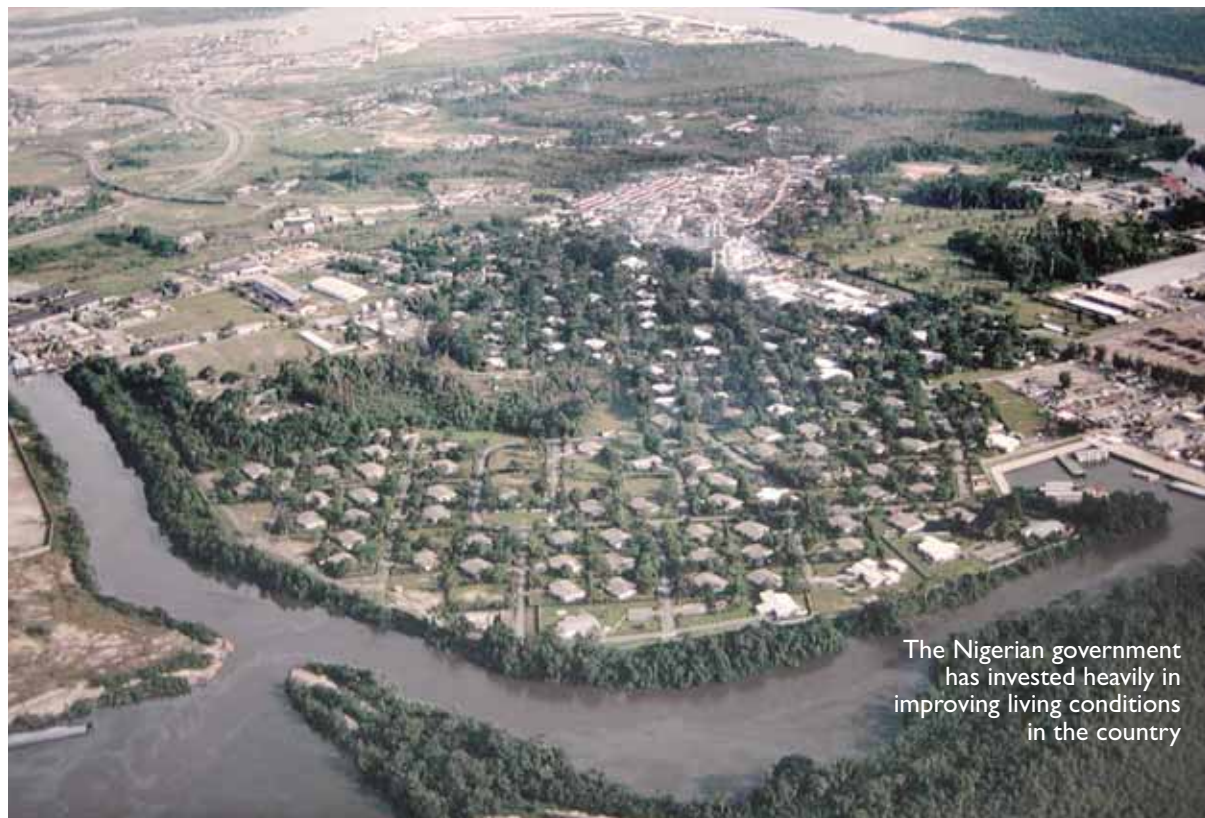
"Nigeria is not just a land of promise; it shall be a nation where positive change will continue to take place, for the good of our people," promised Goodluck Jonathan when he was sworn in as President of Nigeria. Despite the momentous task of turning the country's economy around, eradicating corruption and boosting investment in order to lessen the country's dependence on oil, it seems 'Goodluck' is more than just a symbolic name – Nigeria's economy is going places.

Regional integration was discussed at a recent forum to commemorate Africa Industrialisation Day in Abuja. The Minister of Trade and Investment, Olusegun Aganga, announced that Nigeria will remove tariff and non-tariff barriers to trade across the continent in a bid to enhance commercial relations within the region and attract investment.

Consolidating this move, the African Union, United Nations Economic Commission for Africa, and the United Nations Industrial Development Organisation, stressed the need for the creation of a Continental Free Trade Area by 2017, to help increase trade among African countries.

President Jonathan has also presented Nigeria's customs authority with the task of developing ways by which the country's borders could allow Nigeria to reap the economic benefits of global trade. He was speaking at conference in Katsina in November on the topic of 'borders divide, customs unite'.

Relations with neighbouring countries have generally been positive. Nigeria championed the formation of the Economic Community of West African States (ECOWAS) in 1975, which helped to develop the region's



The Nigerian government has invested heavily in improving living conditions in the country

economy as a whole and strengthened West Africa's bargaining position.

Meanwhile, challenges within Nigeria include the development of the Nile Delta region – the country's oil-producing state. The Governor of Delta State is Dr Emmanuel Uduaghan, whose main objective in 2013 is to lessen dependence on oil, and place more emphasis on other sectors. His goal is to create jobs, ensure peace and security, reduce poverty, build infrastructure and grow the economy.

The guiding principles of Mr Jonathan's leadership of Nigeria are outlined in the Transformation Agenda, which has so far yielded positive results. Key sectors of the economy now have solid foundations – including agriculture, infrastructure, healthcare, petroleum, aviation, education and electricity. The emphasis is on rebuilding infrastructure, creating greater access to healthcare and education, and boosting the agricultural sector so that food security is guaranteed and jobs are created.

The country's fiscal framework has been strengthened by the creation of the Nigerian Sovereign Investment Authority, an organisation which serves to institutionalise savings from commodity-related revenues and thus help to avoid boom and bust cycles and the economy's exposure to oil price volatility.

The third Nigeria Investment Summit, which was jointly organised by the Nigerian Mission to the UN and the African Business Roundtable, and held in New York in September, showed how far Nigeria's economy and credibility has come. Leading world figures attended and showed their support for Mr Jonathan's development strategies.

The Nigerian President is determined to create a more transparent business sector – saying that "Nigeria will not fail". Speaking at the Investment Summit, he emphasised that Nigeria's government is dedicated to creating an enabling environment for foreign investors.

Nigeria's turnaround is backed by former UK Prime Minister Tony Blair, who also spoke at the summit. He encouraged foreign investors to utilise their expertise and funds to boost education and infrastructure development, adding that an improvement in these sectors would allow Nigeria to meet its Millennium Development Goals (MDGs). Reassuringly, Mr Blair acknowledged that public investment has risen to a commendable level.

Other dignitaries at the summit praising Nigeria's economy included, PDP National Chairman Dr Alhaji Bamanga Tukur and former US Secretary of State Condoleezza Rice.

Further testament to Nigeria's turnaround comes in the form of a report from international financial conglomerate Citigroup, whose chief economist predicts average growth of 6.9 per cent between 2010 and 2015. He also names the country as one of the world's leading 'Global Growth Generators'.

### NATIONAL RECONCILIATION

## 'One voice, one country'

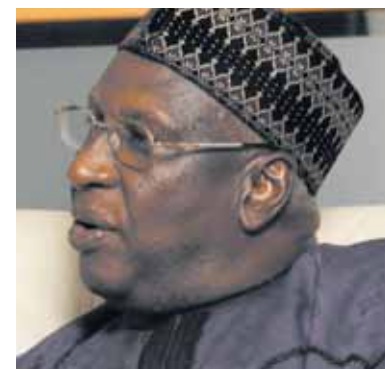
The PDP is leading Nigeria to brighter days

For more than three decades the people of Nigeria lived under various military regimes, which stunted economic growth. This all changed in 1999, when the People's Democratic Party (PDP) was voted into power – its intention: to unite civil society and create a functioning democracy.

The most recent elections in 2011 were deemed by most observers to be the most democratic yet. Goodluck Jonathan won the majority vote – he was initially appointed as president in 2010 upon the death of former ruler Umaru Yar'Adua. Mr Jonathan is from a minority tribe in the south – in a country with around 250 tribes, this fact attests to the President's popularity amongst the general population. Indeed, the current administration's aim is to serve as an umbrella that represents all citizens.

Nigeria's image in the past has been tarnished by reports on corruption, but the PDP is keen to reiterate that there is far more to the country. And with his administration's pledge to invest in education, he is putting Nigeria on the road to serious development and leaving corruption behind. "The greater the opportunity, the greater the challenges," says Dr Alhaji Bamanga Tukur, National Chairman of the PDP. "Corruption and conflict hardly occur where people have opportunities."

The PDP seems to have gained the trust of the nation. "The PDP was founded on the philosophy of inclusiveness, meaning that everybody is a stakeholder, from the family, to the community, to the nation itself," says Dr Tukur. "That is one of the reasons why PDP represents acceptability. Of course there are always challenges, people compete, and try to



Dr Alhaji Bamanga Tukur, National Chairman of the PDP

find the best. We like that competition with other parties, because it gives us the opportunity to show that we can do better. If you are not challenged, you don't know how far you can jump."

Another key challenge for Nigeria is the issue of Boko Haram, an Islamic sect which is frequently in the international press for bombing churches, government institutions and infrastructure. The breeding ground for this kind of extremism is severe poverty in the northern and predominantly Muslim part of Nigeria. A lack of education and high unemployment have been identified by analysts as key driver of the violence. Leaders believe that investments in education, health, agriculture and infrastructure will address the root of the problem and give hope to the people, thereby stabilising the security situation.

Nigeria looks to Germany as a country from which it can learn many lessons. "The German philosophy of 'mentoring' is a great asset," says Dr Tukur. "Germany believes in training its people, right from the lowest level, and helping them understand what they do and how they can do it better. This is what the PDP really wants to achieve here in Nigeria."

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## Determined to make a difference

**NDCC was established in 2000 to facilitate** the rapid, even and sustainable development of the Niger Delta into a region that is economically prosperous, socially stable, ecologically regenerative and politically peaceful.

By planning and implementing projects in the fields of housing and urban development, water supply, electricity, telecoms and transportation including roads, jetties and waterways as well as health, employment, industrialization and agriculture. The Niger Delta Development Commission (NDDC) under Dr. Christian Oboh is helping to raise the standard of living of the people of Niger Delta.



Human development



Human capacity / skills acquisition



Health services - vaccines for flood victims



Elele Rice Mill plant



Road



Bridge



Shore protection

**NDCC Niger Delta Development Commission**

www.nddc.gov.ng



# NDDC leads the real change in the Niger Delta

The Niger Delta Development Commission is propelling Nigeria into the club of the world's 20 largest economies



One of the NDDC's main objectives is the development of infrastructure to reduce dependence on oil and gas

Since its inauguration in 2000, the Niger Delta Development Commission (NDDC) has focused on the development of social and physical infrastructures, ecological and environmental remediation and human development. The goal is propelling Nigeria into the prestigious club of the largest 20 economies in the world within a few years.

The NDDC was created largely as a response to the demands of the population of the Niger Delta, a populous area inhabited by a diversity of minority ethnic groups. During the 1990s these ethnic groups, most notably the Ijaw and the Ogoni, established organisations to confront the Nigerian government and multinational oil companies such as Shell and ExxonMobil. The minorities of the Niger Delta have continued to agitate and articulate demands for greater autonomy and control of the area's petroleum resources.

The main goals of the NDDC are focused on infrastructure development and the real diversification of the region's economy, reducing its oil and gas dependence.

"Our goal is to deliver infrastructure projects that will attract the economic emancipation of our people and our first priority was to increase the level of governance to ensure that there is peace for everyone to work in the right conditions. We tell our brothers out of Nigeria that the situation is more peaceful than four years ago. And now we are looking for international partnerships," says the Commission's Managing Director and CEO Dr Christian Oboh.

When Dr Oboh was appointed as MD/CEO of the NDDC in late 2011, most of the projects were still uncompleted and many cases of corruption had been detected.

Dr Oboh's experience has been a very important factor in achieving those goals. Before he went to work at the NDDC he served as Head of Public Affairs Services at the Nigerian Agip Oil Company (NAOC), in which capacity his desire to achieve goals manifested in several feats. For example, he developed a system that ensures every memorandum of understanding reflects the host communities' contributions to the company's activities. The combination of his proactive nature, desire for achievement and application of academic knowledge to practical issues propelled him from senior to management cadre at NAOC in an unusually short time.

Since the new board took charge, the organisation's efficiency in project delivery has enormously improved. The new managing director holds the proud record of delivering 80 per cent of the projects approved of the NDDC and developing more projects in 2012 than in the whole history of the Commission. Governor of Imo State, Owelle Rochas Okorocha has highlighted that the efforts the NDDC has made so far "is a manifestation that the present board is living up to its billing."

The NDDC's Master Plan is designed to offer stakeholders at all levels – individual, group and community – the opportunity to participate fully in the planning and decision making process. Specifically, the coordinating consultants require the ideas and opinions of stakeholders as a basis for defining focus areas for development and for producing a vivid picture of how the people want the Niger Delta region to look within 15 years of the Master Plan's implementation. This implies that the input of stakehold-



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**Dr Christian Oboh,**  
Managing Director and  
CEO of the NDDC

ers today is what will determine the state of affairs – both for individuals and communities – in the region tomorrow.

## Protecting both people and environment

The current NDDC mandate has implemented the formulation of new policies and guidelines for sustainable development of the Niger Delta area in the field of transportation, including roads, jetties and waterways, health, employment, industrialisation, agriculture and fisheries, housing and urban development, water supply, electricity and telecommunications. Moreover, it has also launched measures, master plans and schemes designed to promote the necessary physical development of the Niger Delta region.

For this purpose, the NDDC is trying to identify factors inhibiting the development to ensure sound and efficient management of the resources of the Niger Delta region. The Commission is tackling ecological and environmental problems that arise from the exploration of oil, and advising the Federal Government on the prevention and control of oil spillages, gas flaring and environmental pollution.

The Commission also liaises with the various oil, mineral and gas prospecting and producing companies on all matters of pollution, prevention and control. All these works and functions are necessarily required for the sustainable development of the region and its people.

The NDDC's Master Plan is basically conceived as a tool that the millions of people of the Niger Delta region can use to update their common vision and build their future to the standard they desire.

## The transformation of the land of oil and gas

The oil-rich Niger Delta region has been the development paradox of the Nigerian economy for many years. After 20 years of armed conflict over oil and gas, initiatives undertaken by the government are putting the region on track for greater security and efficiency

The Niger Delta, a densely populated and oil-rich region comprised of nine states, has found itself at the centre of national and international controversies over environmental, social and economic issues. In the early 1990s, disputes broke out between foreign oil companies and local communities and ethnic groups, who demanded more control over the natural resources of their region. These led to the emergence of militia groups, which in turn led to the militarisation of a significant part of the Niger Delta. Poverty, crime, piracy, theft and pipeline vandalism rose dramatically, causing environmental disasters such as oil spills and floods.

As a nation with a nearly total dependence on oil and gas (90 per cent of revenues derive from exports of hydrocarbons), Nigeria could not afford this situation, especially in its richest oil zone. During the height of the crisis, oil production fell to just 700,000 barrels per day (bpd) – compared to 2011, when production averaged about 2.6 million bpd.

For this reason, in 2000 the Niger Delta Development Commission (NDDC) was founded to establish social and physical infrastructure and to promote environmental conservation and human development. Indeed, the Commission was created largely as a response

to the needs and demands of the people of the Niger Delta.

Lauren Ploch, Analyst in African affairs with the US-based Congressional Research Service, wrote in a report to the US Congress that successive Nigerian governments had pledged to engage the disaffected communities in the Delta. But few of their efforts were successful until 2009, when then-president Umaru Yar'Adua declared an amnesty for Niger Delta militants in conjunction with integration and training programmes.

His successor President Goodluck Jonathan has followed through with Yar'Adua's various initiatives towards achieving peace and development in the region. To date, thousands of militants have handed over their weapons, renounced violence and accepted the offer of remuneration and vocational training. According to estimates by the Nigerian government, more than 20,000 people have benefited from these programmes, which cost the country some \$400 million annually.

Despite some remaining groups carrying on their criminal activities, President Jonathan is forging ahead with his policy to fund "post-amnesty" interventions and development projects in the Delta with the aim to improve transport, education and health.

Ultimately, the government's efforts

and ability to realise the promised improvements and job creation are critical to the task of eliminating the region's grievances.

In July 2012, more than 5,200 ex-militants were taking advantage of the various forms of vocational skills training or more formal education, both in Nigeria and in other parts of the world. Indeed, Nigerians on this programme have been sent to 28 foreign training institutions in 15 countries around the world in addition to 36 local ones in 10 different Nigerian states. The career choices range from construction, welding, agriculture, shipbuilding, oil and gas engineers, and maritime trades, to entrepreneurial programmes, automotive technology and even aviation.

A British journalist specialised in

African issues, Richard Dowden, has described Nigerians as astonishingly talented people. "In business, law, science, art, literature, music, sport Nigeria produces phenomenally talented individuals as if its superheated society throws up brighter, hotter human beings than anywhere else," he said last year, addressing the President and other guests at Nigeria's 51<sup>st</sup> Independence Anniversary celebrations.

If his assessment is correct, then the amnesty programmes are sure to bring stability and efficiency to the region and attract Nigerians who years ago fled from the violence.

"In the past, people ran away from their own state," observes Theodore A. Orji, Governor of Abia State. "Now we are on top of security, and we are

bringing people back and instilling confidence in them."

As for its international appeal, Nigeria is the largest recipient of foreign direct investment (FDI) in Africa, and President Jonathan's administration has set the goal of becoming one of the world's top 20 economies by the year 2020.

Governor of Rivers State, Chibuike Rotimi Amaechi, underlines his state's openness to investment: "Rivers State is well and truly open for business. We welcome investors, both local and foreign, to come and take advantage of the many opportunities we offer and help us improve the life chances of everyone here."

Obong Godswill Akpabio, Governor of Akwa Ibom, has also highlighted his state's advancement: "We are building the foundations of prosperity and development for a secure and modern Akwa Ibom State."

President Jonathan, following in his predecessor's footsteps, has vowed to improve Nigeria's image abroad as a key partner in regional peace and anti-terrorism efforts, and to end the "culture of impunity" that had until recently gone fairly unchecked. His counterattack on corruption and human rights violations has made headway, as Nigeria's tarnished reputation slowly begins to clear up.

Dr Chiedu Osakwe, Director of the Accessions Division of the World Trade Organisation (WTO) wrote in his latest book: "Ability for innovation, bold action, response to the challenge of external and domestic shocks and crises are evidence of the capacity of the managerial class to contribute to the construction and consolidation of the modern Nigerian state and its stabilisation."



The Niger Delta is being cleaned up, both in terms of crime and environmental protection

*"Now we are on top of security, and we are bringing people back and instilling confidence in them."*

**Theodore A. Orji,**  
Governor of Abia State

*"We welcome investors, both local and foreign, to come and...help us improve the life chances of everyone here."*

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Division of the WTO



# Establishing a sustainable security system in Nigeria

Abia State is re-establishing peace and security within the state, which in turn is helping Nigeria regain a reputation for safety



Thanks to an extensive police and military presence, as well as the efforts to improve local living conditions and the enforcement of court decisions and the law, Abia State in Nigeria has managed to restore security in the region.

Today, Abia is one of the safest states in Nigeria. Just three years ago, violence, crime and corruption were rife. "So we started working with the federal government, and we brought in security measures and we empowered all the security agents and the people, who gave us information. Information is power," explains Abia State Governor, Theodore A. Orji.

This was the beginning of a new era for the region, one which has been marked by security and justice. More than that, it also hailed the beginning of economic recovery.

Local and foreign investors have settled in Abia and are gradually transforming the country into an economic stronghold in Africa. The new security measures have also enabled the realisation of education projects and several major social services. The people of Abia are once again

enjoying peace and safety at home again.

Nevertheless, Abians are generally aware that further challenges regarding the security of the country are yet to be dealt with, especially in view of the terror network Boko Haram. The Abia State government and the officially responsible politicians within the federal government of Nigeria, however, agree on the need to cooperate in consolidating the police force and government with continuous measures to guarantee Nigeria's safety.

"Safety encourages development. The emphasis is on the people, so if you partner with the people, development will follow," says Mr Orji. Only with a perfectly operating security system will it be possible to set Abia and other Nigerian states on the right track – economically, politically and socially.

"Everything we do is for the safety of the citizens of our country," he says. "It is our dream that our children will inherit the same free, safe and prosperous state that we have tried to create in Abia."



Governor Theodore A. Orji speaks about the measures his government is taking to tackle crime and violence

## Funding comprehensive development

The state government of Abia cautiously invested in the construction of efficient and sustainable projects, thereby establishing and building up confidence within the region

Abia State is helping bring confidence back into its own country. The population now is beginning to trust in the newly developed strengths of Nigeria and sees the future of its own state as positive and stable. The people do not only have a newfound confidence in their government; they are also participating in shaping the country on its path to democracy.

"We are concentrating all our efforts to sustain and nurture democracy," Governor Theodore A. Orji promises.

Mr Orji, the government and the population all agree that only with comprehensive economic, political and social development is a strong and stable state possible. Development and democracy are two complementary processes, because without democracy, structures furthering development are likely to break down and the economy will stagnate within a short period of time. Therefore, Abia is determined to strengthen democracy and promote the widest variety of developments.



New hospitals and schools have recently been built

Mr Orji's government has managed to generate a variety of new, significant projects in Abia. Besides several environmental projects regarding electricity and water supply, the government has established the foundation for the integration of young people into the labour market. Education and social integration in Abia have a particularly high priority for the officials. Due to the continuous support of educational institutions, the country today has more than 800 primary schools, 160 secondary schools, a teacher's training college and five technical colleges.

Furthermore, not only has the development of education increased, the construction industry has similarly experienced positive growth in recent years as well. The construction of housing projects is just as successful as the establishment of new medical clinics and hospitals. By using the latest technologies in combination with trained personnel, the development of the industry is seeing a true uplift.

The state government is currently promoting the construction of a new administration building with a budget of just N1.5 billion (\$9.4 million). In comparison, the Enugu state government is just spending N13 billion on the construction of a building to house the local council. This is just one clear example of how the Abia state operates efficiently and transparently with the money available.

## Unlimited possibilities for foreign investors

Abia is creating all the necessary conditions for effective, dynamic development

Abia is a state with abundant natural and human resources, two important foundations for economic growth. Today, investors will find the best conditions yet to use the capacities available to become a part of the burgeoning economy in Abia. State Governor Theodore A. Orji looks positively towards the future of the region.

"We welcome investors from all over the world," says the head of the state government, referring not only to the possibilities of production, but also the development of industry with the necessary infrastructure such as good roads, electricity and water supply, and of course communication facilities.

Abia's government knows the importance of continuous investment. With the establishment of banks and other financial institutions, loans for industrial development can be ensured. Already several investors from various industries have relocated to Abia to take advantage of its excellent conditions, and the local governments have zoned areas for commercial and industrial purposes with all the necessary infrastructure.

"We are proud to say that both local and foreign investors and our industries are now booming in Abia



Abia has grown in recent years to become a haven for foreign investors

State's commercial cities, which were dreaded areas in the past," says Mr Orji.

"Everyone wants to invest in an environment where you can reap the fruits of your investment," he adds. "We are welcoming investors here and we have signed MOUs. We know the importance of investment." Even though there are investors and

constant transfers of know-how in the fields of health, construction and education, new investments are needed and welcomed to strengthen the stability of the country and ensure economic growth and security.

Abia is becoming one of the most peaceful states in Nigeria and has become a haven for foreign investors in recent years.





# Peaceful Abia, a haven for investment



**In southeastern Nigeria** lies Abia State, a 1991 creation stemming from part of Imo State. Land of a peaceful, hospitable and tolerant people, Abia has a strong oil and gas sector – indeed, crude oil and gas production contributes nearly 40% to the state's GDP. Along more traditional lines, agriculture – which contributes over a quarter of the GDP and employs 70% of the state workforce – is another outstanding sector, thanks to the state's adequate seasonal rainfall that allows for growing potatoes, rice, cashews, plantains and cassava, among others.

**Abia State has the necessary prerequisites** for effective economic development and the state government welcomes investors and encourages them to harness the resources. Industrial areas have been created with all the necessary infrastructure, and an abundance of local manpower resources means businesses have everything they need nearby.



**ABIA STATE  
GOVERNMENT**  
FEDERAL REPUBLIC OF NIGERIA

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# Gas and oil revenues will be invested in the diversification of Delta's economy

The government of Nigeria's Delta State provides special support the tourism sector, agriculture and human development in the region

Delta State holds vast oil reserves, but in order to diversify the economy, the regional government wants to reduce dependence on oil and multinational companies. State Governor Emmanuel Uduaghan wants to invest the income generated by the oil sector in infrastructure and human development, as well as in agriculture and tourism, mainly to stimulate general progress in the region. For a state that earns nearly 33 per cent of its revenue from oil production, this represents a real challenge for the government.

Since Mr Uduaghan became governor in 2007, he has continuously tried to stabilise a region that, for a long time, has been dogged by conflicts, mainly between ethnic tribes and multinational companies operating in Delta State. Also since then, the state has enjoyed a period of peace and stability that is extraordinary for Delta State.

The Governor aims to turn Delta State into a popular tourist destination. He therefore wants to foster regional art, culture and traditional handicrafts. Natural resources and history should also be revitalised. Wonderful landscapes, waterfalls and mountains make the region very attractive. In addition to that, the state is home to many castles and interesting historical monuments.

However without the right publicity and advertising, the state will never be known. Therefore large investments are needed. The fact that the region is not very well known yet is seen as a big advantage for adventure and cultural tourism. "Part of our strategy is to use the money that we get from the oil business for these means, to expand infrastructure and human development, in order to strengthen growth and progress of the Delta State," says Mr Uduaghan.

Delta State having good transport connections via sea and air makes it even more possible that the strategy to focus on tourism will work out for the government. There are harbours in Warri, Sapele, Burutu and Koko, and there is a modern airport in Osubi. The regional government is still looking for foreign investors to support this strategy. There is already one project in the pipeline to build a leisure park together with Samer Limited UK.



The state government has so far empowered 37,545 rural dwellers through its highly inclusive Delta Micro-credit Programme

"The complex would be something like a cultural centre with a water park, entertainment facilities, shops and hotels," says Mr Uduaghan.

The state will finance the infrastructure of this park with €8.8 million for the building of streets and bridges. The investment will later be reimbursed by Samer. The various artists that live in the region are another way to attract tourists: "We have very good musicians, actors and comedians. Our cultural infrastructure allows big live concerts and performances, especially in Warri. Warri also has a special event centre," says the Governor.

#### Growth from the ground

An abundant water supply, favourable climate and acres of arable land are assets that Delta State also wishes to exploit. Root crops including yams and sweet potatoes grow well, as do rice, peanuts and numerous fruit and vegetables. Agriculture is supremely important to Nigeria and 70 per cent of the country's labour force is employed in the sector. "Delta State used to be very strong in agriculture," explains Mr Uduaghan. "We would like to regain

some of our former lustre in that sector. The state was a known palm oil resource." The government now wants to produce an excess of produce in order to feed the population and be stronger in the export market.

To help achieve this, there are many government assistance schemes, subsidies and funds available to farmers in Delta State, as well as training for young farmers. One initiative is a specialised Tree Crop Unit (TCU) that produces seedlings to distribute to farmers in the region. The aim is to boost production of food, provide raw materials for agro-allied industries and improve the farmers' incomes. Seedlings distributed include oil palm, rubber, cocoa, cashew and coconut.

Delta State belongs to a league of 14 cocoa-producing states within Nigeria. Though overall production is minimal in the Delta region, cocoa is most-heavily cultivated in Ndokwa, Patani, Ethiope, Ukwuani and Ughelli. The TCU and the Cocoa Development Committee produce between 50,000 and 100,000 seedlings every year and distribute them to interested farmers for free.

*"Delta's strategic geography, lush landscapes and pleasant weather make it attractive for visitors who want to experience more of Nigeria."*

**Emmanuel Uduaghan,**  
Governor of Delta State

The state government has also devised a rewards programme to develop the rubber industry. Assistance is given with replanting, rehabilitation and budwood nursery development. It has helped 375 farmers to replant 2,265ha, and has rehabilitated 2,724ha for 305 farmers in the last three years. The state government also procured 30,000 budded rubber saplings from the Rubber Research Institute of Nigeria (RRIN) for rubber farmers.

New legislation from the federal government to ban the importation of rice into Nigeria within the next two years is good news for Delta State's farmers. The ban has been made with the aim of boosting local production. In anticipation of the veto coming into full effect, the administration of Delta State is pushing hard to re-awaken interest in rice farming. This summer, Mr Uduaghan met with farmers in the state in order to learn about the challenges they face and gain feedback on assistance given so far by the Ministry of Agriculture. The idea of farmers forming co-operative groups in order to access loans was discussed. Furthermore, the Governor explained to farmers that agricultural tools would be made available to them at a subsidised rate.

#### Nurturing human capital

The Uduaghan administration is putting its money where its mouth is in terms of caring for the population, and thus developing human capital. In addition to the assistance given to farmers, Mr Uduaghan's range of support programmes include micro-credit, free maternal and

rural healthcare, payment of school fees for senior secondary school students and bursary schemes.

"Our state has a young and healthy population," says the Governor. "Children have access to free healthcare from the day they are conceived. Likewise, women have access to free healthcare from the day they become pregnant, up to the first five years after birth."

Good health is a vital starting point for developing human capital. By ensuring the state's population is healthy, Mr Uduaghan is ensuring the presence of a solid workforce for the future. Add to that the youth training schemes, such as those within the farming sector, and the result will hopefully be a significant boost to the local economy.

"The Uduaghan administration believes that empowering people in the rural areas can leap-frog the development of the state," a government statement explained. The state government has so far empowered 37,545 rural dwellers through the Delta Micro-credit Programme, an initiative established to introduce rural areas to commercial activities and food production, especially at the cottage level. This programme is targeted towards the rural population and the urban working poor; unemployed people, particularly school leavers; economically disadvantaged persons, especially, women; and physically challenged people who face discrimination.

There are currently a huge number of changes under way in Delta State – changes that are giving the population hope and opportunities. "When you talk about change and what the state government has done so far, the answer would differ from person to person," says Mr Uduaghan. "If you ask somebody coming in and out of Delta, he or she would tell you about the improvements in transportation (both land and aviation). Likewise, if you were to talk to a rural woman who had met some difficulty in child-bearing, she would tell you that the state has given her increased access to public healthcare."

Either way, it is clear that the Uduaghan administration is committed to developing Delta State for the good of its people.

## A new challenge: to become the logistics hub of the Niger Delta's southern region

With different projects in infrastructure, power supply and transport, Delta State aims to become a leader in logistics

Delta State plays an important role in the Nigerian economy. Currently its revenues come mainly from oil. However the Governor of Delta State, Emmanuel Uduaghan, is trying to find other sources of income, such as tourism and agriculture. Another idea is to make the state a logistics hub for the southern part of the Niger Delta.

"We are currently building the infrastructure and providing the electrical supply for it," says Mr Uduaghan. To reduce the power costs, he plans to find a more efficient supply and alternative power resources to diesel. This is part of the National Independent Power Project (NIPP).

The regional government also plans to enlarge the Asaba International Airport in the capital and the airport in the harbour and business city of Warri. It also wants to increase the possibilities for shipping and invest in residential accommodation, city planning and telecommunication infrastructure. There will be new commercial parks and business infrastructure like the Warri Industrial Business Park (WIBP), a joint project with ARCO Petrochemical Engineering Limited.

WIBP is symbolic of the variety of the business activities of the state. It

is a free trade zone with modern offices, excellent leisure amenities, and very good living quarters and accommodation facilities. There is also a communication and security service within the park.

*"Our priority is to help small companies with good perspectives."*

**Emmanuel Uduaghan,**  
Governor of Delta State

"Additionally the park takes care of waste management for the companies, among other services," states Mr Uduaghan.

The General Director of the Niger Delta Development Commission (NDDC), Christian Oboh, says: "A main goal of the government is to build the necessary infrastructure, to make the population economically independent."

In the Nigerian government's opinion, Germany should play an important role in this process. Mr Uduaghan admires Germany and wants to establish closer relations. "My government will set up several workshops and educational programmes and professional training in Germany," says Mr Uduaghan. He is looking for foreign investors who are interested in participating in numerous interesting infrastructure projects. "We have several projects in the pipeline, which could be interesting for German companies, including our airports," he says.

In November 2012 the Federal Executive Council (FEC) authorised the start of 28 infrastructure projects in nine states of the Niger Delta. The total investment for these projects is N99 billion (\$623 million).

"We believe that with these projects we can help to accelerate the diversification of the Niger Delta's economy, which has been destabilised by the dependence on the oil and natural resource industry," says the Nigerian Minister for Information, Labaran Maku.

Olajumoke Akinjide, the Secretary of State for Asaba, the capital of the region, explains that the construction of streets, telecommunica-



Infrastructure development is ongoing in Delta State

tion networks and electrical supply, as well as a wastewater system, are already planned. Projects with a value of N13.3 billion for technical infrastructure in Mborara, part of the capital region, have also been authorised. In addition to the power supply, the government is responsible for a working transport system, to make the country the logistic hub for the southern region of the Niger Delta.

In this context a lot of the roads have been restored, widened or extended. "The road network is very important for the country," says the Minister for Public Construction, Mike Onolemen. To attract foreign capital for all these plans, the administration and the tax system has been simplified. "We started with the Delta State One Stop Shop (DSOSS) for investors. It means that all processes for investment can be processed in the same place," says Mr Uduaghan. Apart from this, the government has a special interest in supporting small and medium-sized companies, especially with micro-credits. A system to establish a finance system for local entrepreneurs is in the pipeline. Mr Uduaghan underlines its importance: "Our priority is to help small companies with good perspectives."





# Delta State,



cherishing and promoting the values of industry, ingenuity, hospitality and inclusiveness



**Delta State**, rich in natural resources, is one of Nigeria's greatest oil and natural gas producing regions. Yet Delta State has much more than meets the eye. Aside from the country's second refinery and a major petrochemical plant at Warri, Delta's government is making massive efforts to diversify the economy and promote the state's other strengths, including tourism, agriculture and fisheries, manufacturing and industry.

**Welcome are investors and entrepreneurs** interested in aiding Delta's diversification and development. Opportunities are ripe and Germany's technical expertise and technological know-how would be most beneficial to Delta's nascent and promising sectors.



# Sustainable hydrocarbon production by Midwestern Oil & Gas Company

A world-class oil exploration and production company harnessing opportunities in Nigeria's marginal oil fields, Midwestern Oil & Gas Company Plc aims to become the primary indigenous oil and gas producer in terms of profitability and community coexistence

The Nigerian oil and gas sector is on the verge of important changes; it is being overhauled and opened up to more investment. The long-awaited and frequently stalled Petroleum Industry Bill (PIB) could iron out investment uncertainties and set a more transparent regulatory framework for the country's oil and gas industry. It is currently being discussed and modified by government and industry leaders.

The Managing Director of Nigerian company Midwestern Oil & Gas Company Plc, Adams C. Okeone, has years of experience in the oil and gas industry and is supportive of the bill. He says: "I believe the government has the best intentions – something has to be done and the PIB will be a turnaround for us, helping us reach our goals."

Improved legislation regarding transparency and accountability will enable Nigeria's oil sector to develop and become more competitive and interesting to investors. Oil has a prominent role in Nigeria's economy – providing more than 90 per cent of export earnings – and in order to fulfil its aim of becoming one of the world's top 20 economies, Nigeria needs to ensure that it crafts the PIB so that it facilitates progress.

Midwestern specialises in the upstream oil sector – the search for, recovery and production of crude oil. While the potential new PIB is welcomed by Mr Okeone, the company has operated sustainably and transparently since it began and reported steady growth, despite the sometimes precarious nature of the sector in Nigeria.

Midwestern's activities include the exploration and production of all types of hydrocarbons, and it seeks to obtain, develop and operate the country's marginal fields (oil fields nearing the end of their commercial life).

Partly owned by the Delta State government (20 per cent) and several Nigerian businessmen, the company was launched in 1999 and commenced operations in 2005. It has gained a reputation for its transparency since its inception and has so far remained focused on the exploration and production of oil within Nigeria.



The company specialises in the exploration, production, and sale of oil, gas and gas condensates from the development of upstream assets

## A successful set-up

Today Midwestern has 65 employees who work operating a marginal field with a production of approximately 12,000-15,000 barrels of oil per day – an increase from their 2010 average of 7,500-9,500 per day. The total number of barrels the company produced in 2010 production was 1.1 million.

"We are the most successful marginal field producer in this country right now," says Mr Okeone. "Why did we succeed? One thing I have learned in my sojourn through business, through life: integrity is a critical element. When you say something and people believe you, it goes a long way."

"You have got to maintain your focus. When we started, we went through a process of analysis, like a SWOT analysis, to see what we wanted and how we would achieve it. We

boiled it down to about seven factors, which we have focused on and they have formed a blueprint of moving this company forward."

## Local content

The climate in which oil and gas companies operate in Nigeria changes frequently, but Midwestern is forward thinking and able to adapt to new regulations. The Local Content Act was initiated in 2010 and broadly speaking it decrees that contracts will not necessarily be given to the lowest bidder, but to the company that has the capacity to do the work and utilise a Nigerian workforce – the idea being to boost business at home. "As far as using local resources I think is great," comments Mr Okeone. "I always believed in that. The Local Content act has increased the competition so it's good from that perspective."

## Future plans

Midwestern Oil & Gas is not resting on its laurels, however; the company wants to nurture growth over the coming years by adding more oil fields. Discussions are currently under way with several large multinational companies with regard to buying marginal fields. "This would result as an impactful change in the size of our company," says Mr Okeone.

There are financing opportunities for the planned expansion. "Nigerian banks are stronger and have consolidated," explains the Midwestern MD. "Lately they are starting to support companies with potential, such as Midwestern."

"We have the technical skills and financial structure now to allow us to develop the field. Our ambition was always to continue being an indigenous and successful company."

Moreover, Midwestern is involved in talks with Columbia and would like to expand internationally by buying fields in Latin America. Further down the line the strategy is to expand laterally in the downstream sector by commencing operations in diesel and kerosene fuel refineries.

"We still have a lot of time to consider the decision about whether we will get involved in refineries or not," comments Mr Okeone. "First, we want to be stronger in what we are doing now and focus on what we are good at for the time being."

## Potential for growth

Nigeria is Africa's largest oil producer and it joined the Organisation of Petroleum Exporting Countries (OPEC) in 1971. In 2011, Nigeria produced about 2.53 million barrels per day (bpd) of total liquids, but it has the capacity to produce more



"I believe we are sitting in one of the world's main gas provinces. Midwestern is solid and it will continue to grow."

Adams C. Okeone,  
Managing Director of  
Midwestern Oil & Gas  
Company Plc

than 3 million bpd (according to the IMF figures). The majority of the country's working oil fields are in the Niger Delta where there has been conflict – though the promise of the new PIB to provide funding for those living in oil-producing regions should quash much of the unrest.

Nigeria has hidden potential in gas – it holds the largest natural gas reserves in Africa. "The oil and gas industry in Nigeria is getting better every day," says Mr Okeone.

"The gas we have at the moment was found when we looked for oil. We did not even start really looking for gas. That time is coming soon and I believe we are sitting in one of the world's main gas provinces."

"Midwestern Oil & Gas is solid and it will continue to grow. We are a company that foreign investors would be wise to consider as a partner in Nigeria."

## Making a difference via CSR and vision

### Poverty reduction and youth employment

The oil and gas industry in Nigeria does not always get the best publicity, but it would be unfair to tar every company with the same brush. As well as operating a policy of transparency and care for the environment, Midwestern Oil & Gas Company Plc has a solid commitment to corporate social responsibility (CSR). The company aims to reduce poverty in communities where it operates and generate youth employment. "We consult directly with the communities where we work, to find out what their most urgent needs are," says Managing Director Adams C. Okeone.

The efforts made to help local communities include: awarding contracts and sub-contracts to community-based contractors; employment on an ad-hoc basis to more than 200 people by contractors and sub-contractors in the operations team (from inception to date); and the awarding of scholarships and educational assistance to locals from the communities where the company operates (ongoing since 2006). In addition, Midwestern supports

its host communities in their festivals both financially and culturally.

### Strategy

Midwestern has short, medium and long-term goals that will enable the company to maintain steady operations within its current field, and complete the takeover of all activities from its current technical partner.

Plans for productive growth include the generation of more revenue by developing existing fields. Meanwhile, opportunistic growth will be sought by utilising the management's existing knowledge and experience to help identify, acquire and exploit undervalued oil and gas assets throughout Nigeria.

The company is also optimising access to markets and focusing on the most effective route to end-customers at the best price. To make this happen, Midwestern is concentrating on acquiring licenses in targeted areas where the company is sure it can readily access international oil and gas supply systems, as well as serve local demand.

## A solid track record founded on expertise and applied know-how

### Decades of experience make Midwestern Oil & Gas Company Plc a key partner

In late 1999, Nigeria's government issued new guidelines for the development of proven, underdeveloped fields in the country. To achieve this, 29 abandoned and/or under-exploited fields were recovered from the country's major operators and their production rights were then re-allocated.

Consequently, in 2002 the government offered 24 marginal field packages to Nigerian upstream oil companies.

Thanks to its superb operations record and professional open approach to the industry, Midwestern Oil & Gas Company Plc was one of more than 30 indigenous upstream entrepreneurs that were awarded these marginal fields in February 2003.

Midwestern was awarded 70 per cent interest in the Umusadege field in OML 56, located in the northern area of the Niger Delta Basin in Delta State, and designated the field's operator. The remaining 30 per cent went to Suntrust Oil Ltd. In addition, Mart Energy Services Ltd provides both technical and financial services for the field's development.



Midwestern was awarded part interest in the Umusadege field

The first oil was produced by the stakeholders of the Umusadege field in April 2008 at flow rates of 3,000 barrels per day (bpd), and this flow rate is currently being maintained through additional development drilling.

### A specialist in the field

Managing Director of Midwestern Oil & Gas Company, Adams C. Okeone, is a graduate of the University of Technology, in Loughborough, UK. He is a UK-registered chartered engineer and a fellow of

the Nigerian Society of Engineers. He has more than 30 years of upstream experience with the Shell Petroleum Development Company (SPDC) in both Nigeria and the Netherlands, and took early retirement from SPDC in 1999 after holding management positions in engineering and human resources.

His career has exposed him to various aspects of petroleum engineering, including production operations, maintenance procedures for reserve recovery, facilities design and construction, planning and project management.

His cross-posting to oversee corporate human resources development and management also exposed him to another facet of upstream operations. He has attended development programmes and short courses in various parts of the world and presented technical papers in a number of international conferences.

Mr Okeone joined Midwestern Oil & Gas Company in 2005. The MD is also a member of Rotary International and has held appointments with Edo State government.





# Human development is our expertise, oil and gas is what we do



**Since it commenced operations in 2005**, MIDWESTERN OIL & GAS COMPANY Plc has focused on harnessing the opportunities in the exploration and production section of the oil and gas industry in Nigeria.

**Midwestern Oil & Gas Company Plc**, a fully indigenous company, has become a successful marginal field operator in the country with a special focus on human and community development and environmental sustainability.