

the bitter and the sweet

An abundance of natural resources does not always
translate into wealth for a nation.

KERRY DIMMER looks at some of the past
and present issues facing Nigeria, one of Africa's giants



Just five years ago, a global happiness survey announced that Nigerians were the happiest people in the world. This despite some of the toughest times in the country's history. Abject poverty, unemployment, extended power blackouts, armed conflict along the Niger Delta and forgotten promises by those meant to lead, should have put a damper on the average Nigerian's spirits.

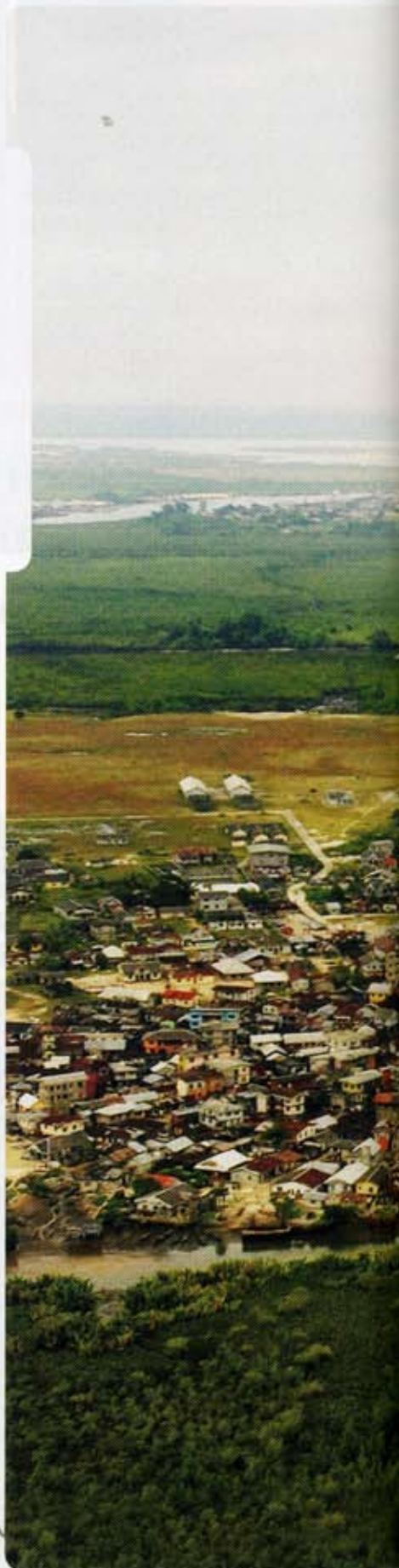
The 2007 elections, proclaimed by EU monitors as being neither free nor fair, saw President Umaru Yar'Adua take the reins. The Nigerians were at first cautious. Yar'Adua was outgoing president Olusegun Obasanjo's nominated choice. For a country unimpressed with Obasanjo's leadership, it meant another five years under the ruling party, the People's Democratic Party, until the next election in 2011. Many were wary that the new leader would continue in the same vein as the old.

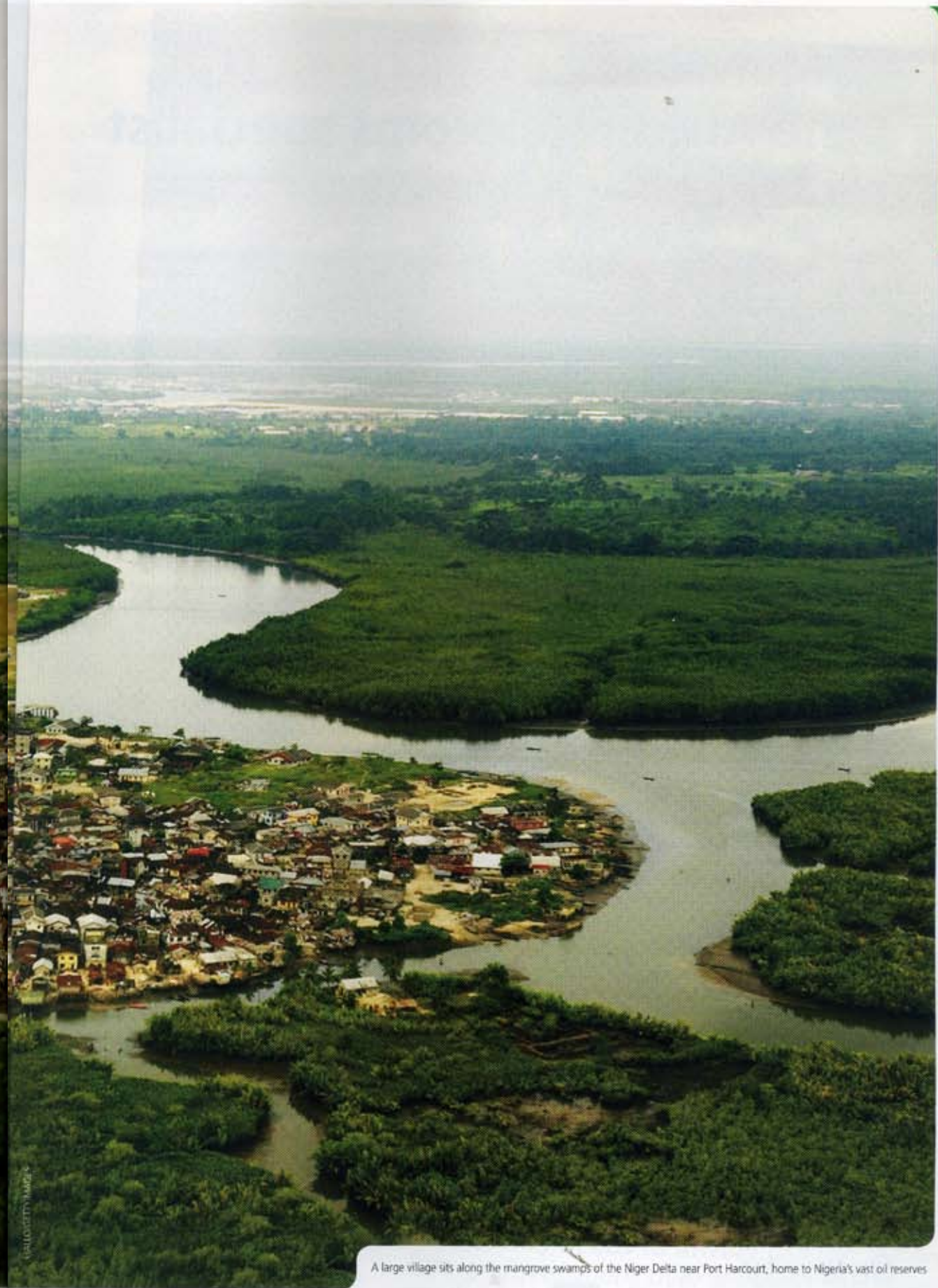
But during Yar'Adua's first six months in office, he was walking the talk and there were indications that he intended to uplift Nigeria and get it on track as a powerhouse of Africa.

And why not? As the most populous country in Africa, Nigeria certainly has the manpower. It also has high-quality petroleum and gas. But up until now the US\$400-billion income generated from this valuable resource over the past 30 years has not reached the Nigerian people who are most in need of it. The reason for this is four-fold.

Firstly, a shortage of working refineries means that refined products, valued at millions of dollars, need to be imported. This shortage relates directly to Nigeria's second and most serious problem – that of the dysfunctional national power grid. In July 2007, it produced less than half of the country's installed capacity and extended blackouts frustrated investment companies unable to operate effectively.

The third reason is corruption which, it is hoped, will be eliminated under Yar'Adua's rule. Certainly that is what he suggested in a speech shortly after his inauguration. 'If my son or father is found to be corrupt,' he declared, 'they will not be spared'. In fact, tackling corruption is one area where there





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A large village sits along the mangrove swamps of the Niger Delta near Port Harcourt, home to Nigeria's vast oil reserves



Above: A busy market day in Nigeria's capital, Lagos
Below: Inauguration of Umaru Musa Yar'Adua as the new president of Nigeria



seems to be significant progress and it's reported that the Economic and Financial Crimes Commission has made some arrests in this regard.

The fourth and most disturbing reason why Nigerian people are not benefitting from their country's wealth is that millions of dollars of crude oil is stolen daily from the Niger Delta, despite the efforts of the Joint Task Force that attempts to protect oil personnel and facilities from militants (who are also not adverse to the odd kidnapping or hostage-taking).

But despite his promising start Yar'Adua has, after some 18 months in power, lost the confidence of his people. Like his predecessor, promises made remained unfulfilled and this, coupled with his fragile health and inability to attend crucial meetings, means that critical issues regarding Nigeria's power infrastructure aren't being addressed.

But it's not all bad news. The banking sector is doing remarkably well which is evident by the awards it scooped at the 2007 and 2008 African Banker Awards.

In 2007 Chukwuma Soludo, governor of the Central Bank of Nigeria, was hailed as Central Bank Governor of the Year. Keeping him company was Cecilia Ibru, Oceanic Bank's MD who won the Best Banker award. The award for Most Innovative Bank went to Nigeria's Access Bank. In 2008 Nigeria's Intercontinental Bank was pronounced

African Bank of the Year, while Zenith and Fidelity banks also received awards.

Having 25 banks to service an economy the size of Nigeria may seem surprising but this number has reduced from 89 after what some economists referred to as 'a period of heated mergers and acquisitions'.

Nigeria's greatest economic growth still lies in its oil and gas. Its position as the seventh-largest gas reserve in the world makes it a very attractive foreign investment opportunity for interested nations like the US, China, Russia, Europe and even South Korea. Recent media reports claim that

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Oil refinery and petrochemical installations in Nigeria

there are indications of fresh investment in the gas sector amounting to US\$37 billion, probably as a result of cabinet's approval in August last year of a National Gas Infrastructure Master Plan.

The telecoms sector is also experiencing rapid growth. With more than 57 million active lines, it is the 18th largest market in the world and the biggest in Africa. It is estimated that Nigerians spend around US\$593 million a month just on recharge cards from its five mobile networks: Zain, MTN Nigeria, Globacom, Etisalat and MTel.

Zain (formerly Celtel) is the leading operator, covering more than 1 500 towns and 14 000 communities, with plans to invest further in the near future.

And what about the Nigerian movie industry which is the third largest in the world after Hollywood and India's 'Bollywood'?

'Nollywood' currently produces over 2 000 low-budget films per year, earns an estimated US\$250 million annually and employs approximately 300 000 people. Blockbusters have been known to sell over half a million copies on video and DVD while its actors have become household names. This is especially significant considering that Nollywood has been self-funded for the past 15 years.

The tourism sector isn't doing as well. Bad roads, safety issues and the high cost of fuel all hamper access to some of the continent's most beautiful beaches, eight national parks and many protected reserves. But there is hope.

Former minister of Culture and Tourism, Frank Ogbuewu has confirmed that the government has identified tourism as an income generator and plans for a 'tourism bank' which will provide soft loans to the tourism industry at a later stage.

Last November Nigeria's Minister of State for Finance Remi Babalola stated that the country needs to attract US\$100 million in foreign investment over the next five years to be used to address critical infrastructure problems. To this end the Honorary International Investor Council, composed of representatives from Nigeria, the US, South Africa and Japan, was tasked with presenting viable solutions to create an attractive environment for investors. If these measures prove to be workable and are implemented, Nigeria might be able to achieve its Vision 2020 goals.

But before the government can even hope to do this, it's going to have to win back the confidence of its people ... a slow journey slowed even more by cynicism and doubt. **AD**

CAPITAL CITY

Abuja

POLITICAL STATUS

Federal republic

HEAD OF STATE

President Umaru Musa Yar'Adua
(elected 2007)

OFFICIAL LANGUAGES

English, recognised regional languages include Hausa, Igbo, Yoruba and Edo

INFLATION RATE

5.4% (2007 est)

TOTAL GDP

US\$291.1 billion (2007 est)

PER CAPITA GDP

US\$2.1 billion (2007 est)

CURRENCY

Nigerian naira (NGN)

TOTAL AREA

923.768 km²

POPULATION

148 093 000, making it the eighth most populous country in the world, equating to 2.2% of world population (estimated by the UN)

POPULATION GROWTH RATE

2.025% (2008 est)

AVERAGE LIFE EXPECTANCY MEN

45.78 years

AVERAGE LIFE EXPECTANCY WOMEN

47.32 years

LITERACY

68%