

## REGIONAL REPORT – NIGERIA



## Major Factors & Recent Developments Affecting Projects & Project Management in Nigeria

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This month's report includes information about important recent developments affecting the project and project management conditions and environment in Nigeria. As reported last month, the issues of corruption and mismanagement continue to plague economic development in parts of Africa. The emerging Sino-Nigerian relationship will have a great impact on economic development, infrastructure development, and politics, with many major projects now underway or in discussion. Finally, a report on the West African Power Pool Scheme is provided.

### **1. The Global Development Briefing Reports Corruption in a Nigeria's Oil-rich State.**

The Global Development Briefing, an international publication with a large circulation serving the international development community, published a synopsis of a report by the Human Right Watch. This lends credence and urgency to the message of our paper on aid to Africa published in January.

See summary in the box on the following page.

### ***Nigerian Corruption and Mismanagement – HRW***

Officials in Nigeria's oil-rich Niger Delta have been accused of squandering funds that should have been used to provide services for the poor. "Public schools have been left to fall apart and health care facilities lack even the most basic of amenities," Human Rights Watch says in a new 107-page report, "Chop Fine: The Human Rights Impact of Local Government Corruption and Mismanagement in Rivers State, Nigeria." The report details the misuse of public funds by local officials in the geographic heart of Nigeria's booming oil industry, and the harmful effects on primary education and basic health care. The report is based on scores of interviews in Rivers state with government and donor agency officials, civil servants, health care workers, teachers, civil society groups and local residents. Human Rights Watch also analyzed state and local government budgets. Nigeria's is Africa's biggest oil-producer, but much of the population live on less than USD 1 a day. The report used case studies from the country's top oil-producing state, Rivers, to show how millions of petrodollars have either been misused or stolen by public officials in Africa's biggest oil producer.

To read the report in full, please go to <http://hrw.org/reports/2007/nigeria0107/>

## **2. The Nascent Sino-Nigerian Relationship**

With two major economic events in October and December 2006 respectively, the relationship between China and Nigeria has so grown that Nigeria has become China's second-largest trading partner in Africa, after South Africa.



- The first of these events is the signing of a contract to build a US\$8.3 billion, 1,315-kilometre railway in Nigeria.
- The second is the inauguration of the air link between Beijing and Lagos for which the first flight took place on 31<sup>st</sup> December 2006.

### **2.1. Nigeria and China signed a US\$ 8.3 billion rail contract on October 30, 2006.**

This was the first phase of the railway modernization programme. In his address, His Excellency, Chief Olusegun Obasanjo, the Nigerian President, declared that "today represents a new dawn in Nigeria's transportation sector...."

It is relevant to appreciate the historical backdrop of the modernization of the Nigerian railways. Prior to the crisis and subsequent civil war in Nigeria from 1966 to 1970, Nigerian Railway Corporation, NRC, a legacy of the British administration, not only provided desirable and reliable transportation for goods and passengers but also provided life-long, competitive employment. Those days, travelling by rail was seen as a class above travelling by road. In addition, the rail network linked the major cities and regional capitals of the North, East, and West of Nigeria, including Lagos the federal capital city.



However, since after the civil war, the infrastructure has fallen into decadence. Many of the engineering, commercial, and administrative staff, who were from the Eastern and Mid-Western Regions, have either died or are no longer available to work. There were also many workers that needed rehabilitation. As a result, the railways never recovered its past glory days. To worsen the situation, instead of recovery, gradual decay of the dormant infrastructure set in.

One may therefore appreciate the context in which the president declared: " ... our Administration was adopting a very bold and comprehensive agenda for the re-development, modernization and expansion of our national railway transportation system to meet our socio-economic, political, cultural development and integration objectives."

The current project with the Chinese is not only for redevelopment and modernization, expansion is also being undertaken. The envisaged network will link areas that have never been served by the railways. It is part a "25-year Strategic Vision Plan ....(involving) 8,000 kilometers of standard gauge railway line incorporating 3 main longitudinal lines from North to South, and 5 main latitudinal lines from East to West, connecting all the state capitals and major economic centers in the country". The first phase will cover 1,315 km from Lagos, in the South, to Kano, in the central North; two heavily populated cities. It will be constructed in five segments on a Design-Construct-and Maintain basis, for 5 years, by the China Construction Corporation (CCECC). About 5,000 Chinese will work on this project in Nigeria.

## 2.2. The Beijing – Lagos Air Route

A new air route linking China with Africa was inaugurated on Sunday, 31<sup>st</sup> December when an Airbus A330 wide-body aircraft from Beijing Capital International Airport landed at the Murtala Mohammed International Airport, Lagos, Nigeria shortly before midnight. The China Southern Airlines' flight becomes China's only current air link between the mainland and the African continent. The airline has a fleet of 300 large and medium-sized aircraft. It is China's largest airline in terms of fleet size, passenger traffic and the density of its service network. It was ranked no 9 in the world in 2005.



On a regular basis, the flight, coded CZ331, will depart from Beijing on Monday, Wednesday and Saturday, and arrive in Lagos after a short stop in Dubai, United Arab Emirates. The return flight, coded CZ332, departs on Tuesday, Thursday and Sunday. It takes about 16 hours to fly one-way.

## Political and Economic Tie



Addressing newsmen in Lagos, Liu Shaoyong, the general manager of China Southern Airlines, said that "the decision to launch the air route at this particular moment takes advantage of the historic opportunity in both political and

economic terms." He explained that the flight should "help boost the political and economic ties between China and Nigeria and also promote mutual understanding between the two great peoples." Liu continued: "The prospect for trade growth is huge".

### **3. West African Power Pool Scheme**

Tuesday, February 13<sup>th</sup>, the Nigerian president, Chief Olusegun Obasanjo commissioned a power centre comprising a substation at Sakete in Benin Republic. This is an important component of the West African Power Pool (WAPP) scheme. The centre has an interconnection between Nigeria, Benin and Togo, and contains the first phase of a 330 KV line between Ikeja in Nigeria and Sakete in Benin Republic.

Nigeria invested \$25 million on the project; of which \$16 million was received from African Development Bank (ADB) and the rest was raised internally. The project is

expected to serve the following purposes:

- To develop a power transmission backbone network that will interconnect the entire West African sub-region.
- To facilitate export of power from countries with comparative advantage of resources to those with less advantage.

The expected resultant cross border electricity trade should lower the cost of energy and increase its reliability. On a historical note, the contract for the project was first signed on October 30, 1997, between now defunct Nigeria's National Electric Power Authority (NEPA) and the Communaute Electrique Du Benin (CEB), defining the expected scope of works.



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