Nigeria - Africa's economic powerhouse

As Africa's economic powerhouse and most important West African player, Nigeria has led the continent’s growth over the previous decade. GDP growth averaged 7% annually between 2010 and 2014, and although the oil price collapse led to an economic slowdown that has been exacerbated by the Covid-19 pandemic, Nigeria's macroeconomic fundamentals remain stellar. Home to the largest youth population in the world, Nigeria is diverse, dynamic, and benefits from abundant natural resources. It is the biggest oil exporter on the continent, holds Africa's largest natural gas reserves, and most importantly, holds near-limitless potential for non-oil diversification. Growth is set for a resurgence in 2021.

The administration of President Muhammad Buhari has been working to implement major economic reforms aimed at opening up the economy and attracting new investment. In 2016, the Buhari administration established a government organization called the Presidential Enabling Business Environment Council, which has maintained a sharp focus on improving the country’s business climate. The council is working to bolster non-oil diversification, and sought to boost the country’s participation in economic development, as Buhari explained at the Seventh Annual Conference on African Development in Tokyo.

"We have put in place measures seeking to diversify the economy by developing agriculture, emphasizing manufacturing, and addressing the energy and infrastructure deficit. With these we shall reduce the import dependency path of rapid growth and sustainable development. This comes at a time when our government is implementing home-grown and private-sector-driven economic measures that are predicated on good governance, infrastructure and human capital development as well as, business climate reform."

More recently, the Nigerian government has moved to fast-track a key piece of reform legislation, the Petroleum Industries Bill, which will modernize its national oil company and improve transparency and corporate governance. All these reform measures are beginning to pay off - Nigeria rose by 38 places on the World Bank’s Doing Business 2021 index between 2016 and 2020 to hit 131st, and has targeted rising to become one of the world’s top 70 most attractive business environments by 2023.

Oil and gas is the country’s mainstay economic sector and a major pillar of its economy, and surging petroleum production has provided soaring export growth in recent years. The United Nations Conference on Trade and Development reports that merchandise exports rose from $50.2 billion in 2015 to hit $93.53 billion in 2019, despite the global oil price slowdown. Production and exports are forecast to rise sharply in 2021 as demand returns following the Covid-19 pandemic. Given an accelerating green shift worldwide, and rising Western preference for less-polluting petroleum energy, Nigeria is particularly well-positioned to capitalize on new opportunities in natural gas in the coming years. But it’s not all about natural resources. Speaking at the UK Africa Investment Summit in London this year, Buhari was quick to highlight one of Nigeria’s most important competitive advantages: its people. He called on the international community to deploy investment strategically and unlock the potential of Nigeria’s human capital:

"Nigeria’s vast natural energy and mineral resources, unbowed through the ending of customs barriers, could help supply growth for companies in all corners of the world. Greater access would also be forthcoming to one of the world’s fastest expanding groups of consumers - the Nigerian middle classes. Millions of highly attractive andResponseType has always been an insurmountable barrier, but underemployed young people are eager to work but without the opportunities that foreign investment can bring to create jobs and build businesses."

And while Nigeria has tended to dominate economic news about the country, the government is busy at decades at work incentivizing new investment in priority sectors. Given its large and growing population, Nigeria holds enormous potential for agricultural and agro-processing growth. Import substitution efforts have led the government to adopt many business-friendly policies for agricultural investors. The country’s transport infrastructure deficit is also significant, creating enormous opportunities for investment in roads, ports, and airports. As Buhari explained in Tokyo:

"We look forward to welcoming prospective investors in the following priority sectors in Nigeria: namely, power and renewable energy, petrochemical and gas, and maritime, automobiles, mining, agribusiness, healthcare and pharmaceuticals. We are committed to removing all impediments to private sector participation in these sectors by creating policies that will ensure consistency, predictability and a level playing field for all."

Rapid economic momentum should help set Nigeria’s growing automotive market back on track. As the largest economy in the world, Nigeria is the margin the most populous market on the continent; Nigeria has huge potential for the world’s carmakers. Annual new car sales could reach 7m by 2050, according to professional services company PwC, up from less than 10,000-60,000 per annum. As a result, there could be as many as 69m cars on Nigerian roads by mid-century, from fewer than 1m now.

As a growing range of international automakers look to tap into the Nigerian market’s growth, Elizade Motors looks well-placed to benefit. Established in 1971, the company celebrates its golden anniversary next year as the market leader in automotive sales, with a reputation founded on transparency and fairness in dealings with partners and customers alike.

"We conduct a very open business," says Chief Michael Ade Ojo, the second-generation owner and CEO of the Elizade Group, which was founded by Chief Anthony Ade Ojo, Nigeria’s first President of the Republic. "We are a transparent company, and our partners are transparent with us. That’s how I started the business, what we’ve always made the most important element, and what has got us here. It has done us good.”

Indeed, Elizade’s track record speaks for itself. The company was one of four grantee companies by the government to import Toyota cars to Nigeria in 1976. In 2013, following the government’s adoption of a new automotive strategy, Elizade formed a partnership with Chinese automaker JAC as its sole distributor in Nigeria.

"I have built associations with people with whom I have made mutually beneficial relationships," says Chief Ade Ojo. "I always look into making profit for both sides." This approach has borne fruit through 2020 even as Nigeria’s economy has been buffeted by the global covid-19 crisis and domestic unrest. Chief Ade Ojo expects sales to reach 2019 levels by year-end, partly thanks to initiatives to strengthen after-sales service and reach out to new customers. Elizade was one of the companies selected by the government in March to participate in a $1bn project to produce locally-assembled vehicles.

In 2021, the world will have good reasons to be optimistic about Nigeria’s economic prospects. The International Monetary Fund (IMF) forecasts Nigeria’s GDP will expand by 1.7% next year, the further estimates in its October 2020 World Economic Outlook. Previously, the organization had forecast a second consecutive year of recession. But stabilizing oil prices, an improved global financing environment, prudent management of external liquidity pressures by the authorities, and easing restrictions on domestic movement have all contributed to an improving outlook.
Prudent Energy and Ardova Plc

**Shaping the future of Nigeria’s petroleum distribution industry**

Nigeria’s energy industry is set for a major rebirth as global oil and gas demand recovers in 2021. The Nigerian National Petroleum Corporation forecasts $48 billion of investment in the industry between 2019 and 2025. Leading oil service and distribution companies Prudent Energy & Services Limited (PESL) and Ardova Plc (AP), as well as the group’s CEO, AbdulWasiu O. Sowami, are ready for the next boom.

The first thing AbdulWasiu Sowami tells you about the energy businesses he oversees is the importance of value creation, and he lets us know that “within the Prudent Energy Group, value creation is of utmost importance to us. The view we have on this goes beyond the bottom line and extends into considerations on how we create positive impact in our operating environments. As such, our goals are structured around value creation and environmental impact. In this regard, our top priority is strategic partnerships which we consider very important in scaling our capacity to attain set goals. The second focus, is on the needs of our people and the country, then developing financial models that can support our objectives.”

Although he’s maintained a low profile for much of his storied career, Sowami is a well-known name in the energy industry. Born in Nigeria and educated at the University of Maiduguri in Borno State, and Leeds Beckett University in the UK, Sowami has been leading Nigerian oil and gas development for decades. His deep industry experience and knowledge come after leadership roles in companies including Besse Oil and Services Limited, Cosmic Oil Limited, and Ignite Energy Limited. He has held the position of two important oil and gas players – he is chairman of Ardova Plc and CEO of Prudent Energy & Services Limited (PESL).

Ardova Plc (AP) is a leading integrated energy company that operates a 450-strong network of retail outlets across the country, as well as major petroleum storage installations in Apapa, Lagos State, and Onne in Rivers State. AP also produces its own range of lubricants from its lube blending plant in Apapa. As a listed firm on the Nigerian Stock Exchange, its resilient performance despite the pandemic has been one to watch as its H1 2020 revenues rose by 5.4% y-o-y to hit ₦73.7 billion ($226.4 million), while fuel revenues rose by 6.8% y-o-y to ₦79.5 billion ($206.1 million). Ardova Plc’s CEO, noted that this in the face of the challenges brought about by Covid-19, the firm’s improved performance is a validation of its laser focus on creating and maximising value at all times. Prudent Energy & Services, meanwhile, specialises in downstream activities, offering trade and distribution capacity for more than 1.2 million tonnes of various hydrocarbon products annually. A 54 million litre fully-automated petroleum products depot, a self-serving jetty, three vessels with 85,000 deadweight tonnes of capacity, and 12,000 cubic metres of downstream LPG distribution capacity. Since its establishment a decade ago, the company has risen to become a leading indigenous petroleum trading firm.

But Sowami’s focus is not limited solely to traditional oil and gas activities and products – after the pandemic, he’s looking to the future of the energy industry, including cleaner and greener energy. “We are planning a huge investment in clean energy, mainly in LPG and CNG. We are also trying to leverage the potential of our gas resources. We will have a mix of traditional oil and clean energy. We anticipate that the future transition to clean energy is more imminent than is projected and we will be fully prepared to service the market at all phases of that transition. We also have expansion plans to participate in agriculture with our key aim being to decrease the need to import commodities, as well as refine agricultural produce locally,” he explained. This presents a favourable opportunity for potential investors. As Sowami moves to further expand the Prudent Energy Group’s portfolio in Nigeria, he is looking ahead to potential foreign partnerships. Nigeria is Africa’s largest economy and has a large, young, and fast-growing population, meaning it will continue to offer enormous investment opportunities in the coming decades. Now is the right time to invest, according to Sowami. To achieve this, Sowami acknowledges that he will need to leverage strategic partnerships. He concludes that he will only partner with firms that have the right fit in his words. “Strategic partners will play a very important role in our future growth. For us, the right strategic partner is a company that is aligned with our aspiration, our culture of integrity and transparency, and, most importantly, growing Nigeria. We want a partner that will help us further build and scale our capacity, which we believe will have. If we leverage the opportunities properly with strategic investment and a forward-thinking plan, it will be good not just for Nigeria, but for our business and bottom line.”

**Caverton Group**

**Logistics partner of choice for the oil and gas industry**

2020 has presented unparalleled challenges to the Nigerian economy, particularly its oil and gas sector, with activity and investment dropping off as pandemic shocks hit global oil markets. The industry nonetheless remains well-positioned for a steady mid-term recovery, with government recovery spending and new investment across the world’s major economies expected to drive future oil and gas growth. The International Energy Agency reports oil demand will rise by an unprecedented 5.7 million barrels per day in 2021, with full recovery possible as early as 2022. In Nigeria, leading indigenous services companies like Caverton Group will play a leading role in industry recovery.

Caverton Group’s origins can be traced back to 1999, with the acquisition of Caverton Offshore Support (COSP), followed by Caverton Helicopters in 2002. The group took its present-day shape in 2008 when it incorporated in Nigeria as Caverton Offshore Support Plc, a private limited liability company. It went public in the same year on the Nigerian Stock Exchange, and today it provides high-quality, reliable aviation, marine, and logistical services to the oil and gas industry. With more than 350 staff including 111 pilots and 96 engineers, Caverton has been at the forefront of Nigeria’s indigenous oil and gas services for years. Group Chairman/Chief Executive, Olumide Adeosun noted that this in the face of the anticipated recovery, Caverton’s status as a go-to logistics provider was cemented in 2017, when Shell renewed its contract with the group for another seven years. More contract awards followed: with NNPC subsidiary, the Nigerian Petroleum Development Company in 2018, and with Chevron for a deepwater gas project in the same year.

“With Caverton we would allow it to provide more advanced training to our pilots, engineers, and staff, as well as supporting efforts to improve cost effectiveness and enhance profitability. This could involve IT services, fuel efficiency measures, engine upskilling, or operations reforms. Potential partners would in turn benefit from Nigeria’s enormous future energy potential. “Of course the pandemic has affected many businesses and ours is no exception. But we have always been resilient, and we’ve been able to innovate and adapt. As a partnering oil major we ramped our training of local staff, and to date we have trained 126 Nigerian pilots, and 88 Nigerian engineers. Looking forward to the coming years, we expect business will be far better as contract awards resume and efficiency measures underpin Nigeria’s advantages as an investment destination,” he concluded.
Although oil and gas has dominated headlines about the Nigerian economy, agriculture and its linkage with manufacturing and industry remains a more important economic mainstay, particularly in the wake of the Covid-19 pandemic. With oil revenues plummeting amidst unprecedented global supply shocks, agro-processing is set to take a leading position in driving future economic growth. This is supported by government policies including the Economic Recovery and Growth Plan, which seeks to double the relative GDP of agriculture and its allied industries in the near term.

Agriculture, and its link with agro-processing industry, is set to play an important role in diversifying industry and reducing reliance on oil. Nigeria’s milling industry is in close alignment with the nation’s major policy planks and local content. Diversification is also in line with the resources and raw materials we need and it is only a question of obtaining the base internally so that we can eliminate “Our goal is to diversify our supply chain and domesticating its supply chains. The group has previously expanded into a single wheat flour milling business to a large, diversified food group focusing in 5 key areas: Grains, Oils and Proteins, Oils and Fats, Sweeteners, and Starches.

Recognizing that commodity price volatility and exchange rate shocks negatively impact its supply chains, the group has focused on reducing raw material imports and domesticating its supply chains. The Group Chairman, John Coumantaros, asserted that this focus on local production and diversification is set to make an impact on people’s lives, every day," he concluded.孕妇和儿童的饮食中，食用油和糖分（如红糖）的消耗是最大的。根据世界卫生组织的报告，全球三分之一的疾病与不良饮食和生活方式有关。因此，食用油和糖分的消耗是全球健康问题的一个重要组成部分。为了健康着想，我们应该控制食用油和糖分的消耗，选择更健康的饮食习惯。
Nigerian Ports Authority - Delivering growth

Nigeria is Africa’s largest economy and oil producer, making the transport sector a critical pillar for the economy and development. The sector has risen steadily in recent years: for example, its largest ports recorded a 30% increase in cargo traffic between 2007 and 2018 to reach 73.2 million tonnes. The Nigerian Ports Authority (NPA) played an important role in fostering this growth.

Operating under the Federal Ministry of Transportation, NPA is tasked with overseeing the country’s major ports and operators, including the Lagos and Tin Can Island port complexes in Lagos state, the Calabar Freeport, the Cross River State, and the Rivers and Onne port complexes in Rivers state. CEO Hadiza Bala Usman said that while 2020 has been challenging as a result of the pandemic, NPA’s adaptability and improvisation helped steer it through the crisis. “We had a situation where port operations were sustained, but the other attendant services were shut down. Cargo arrived but there were no trucks to take them out, the warehouses weren’t operating, and targeting increasing and expediting automation of various port operations, potentially using scanners and e-customs procedures. It is also hoping to launch new deep-sea projects allowing larger ships to berth in Nigeria, and to build up port capacity and utilization outside of Lagos state. To that end, it is open to new partnerships that could offer lucrative returns to the right investors. Usman cited a number of reasons why now is the time to invest in ports: “We have a large population and big domestic market supporting consumption, and on the other side, Nigeria has a lot of natural resources which are available for export. We also have 800 kilometers of coastline, which offers a huge window for economic inflow and outflow. Our access to land-locked countries is another advantage; neighboring countries, like our clients, rely on us.”

Forward-looking investment experts

In the Nigerian energy industry by focusing on us.”

But we were able to meet the challenge, for example by offering concessions for our clients that had their cargo arrive during lockdown. We gave them next-day or days for storage which really helped,” she explained. Having learned valuable lessons from lockdown, and in preparation for resurgent economic growth next year, NPA is now focusing its efforts on the following key areas:

- Improving port capacity and utilization outside Lagos state.
- Launching deep-sea projects allowing larger ships to berth in Nigeria.
- Building up port capacity and utilization in other locations.

For resilient Nigerian firms like OVH Energy, opportunities remain. OVH Energy is the country’s leading independent marketer, with offerings including jetty services and transportation, pipeline systems and related services. The company has managed its pandemic response well - out of 450 employees, it recorded only one isolated case of Covid-19. Corporate social responsibility is equally important, according to Huub Stokman, which explains why the company’s corporate identity is linked so strongly to Nigeria as a choice investment destination, and why it has provided support to national pandemic relief efforts. Stokman attributed these successes to the company’s people-first approach: “It was important for us to keep on working through a pandemic like this, but we also wanted to keep our people safe and protected on their work. From a people perspective we managed Covid well, and from a business or operational perspective we learned things, including how to make the business work in a different and more efficient way. We took the crisis as an opportunity, and as responsible corporate citizens we helped wherever we could. This will continue to guide our approach in the future.”

A few years ago, Elizabeth Ngozi Ebi started out as a hobbyist and formed a boutique firm, but it has since metamorphosed into a medium-sized enterprise in its own right. For CEO Elizabeth Ngozi Ebi, what started out as a hobby has since grown into a brand that stands for good customer service, the company’s priorities from the very beginning. “Before I even started the company, I was simply helping people with investment advice. The company then started off like a boutique firm, operating even during over time to a group of companies in the Nigeria's oil and gas industry, the e-commerce, IT, health, and export sectors as areas where there is high potential for future growth.

OVH Energy - Fueling Nigeria

Like all other African energy producers, Nigeria and its downstream industry have had a bumpy year in 2020. But the outlook remains optimistic. The Africa Energy Chamber projects that Nigeria’s crude oil production will fall from 6.5 million bpd in 2021, from 5.8 million bpd this year, supported by an astounding 28.4% in Q2 2020, to 3 million bpd by 2023. While there will be winners and losers in the sector’s aftermath, Amni International Petroleum Development Company expects to be one of the strong that survive.

Established in 1993 as a 25-man staff, Amni has grown to be a competitive oil and gas exploration and production company with 150 employees working across three countries, and operations are set to expand further in the near-term. The company, which operates through subsidiaries in neighboring states, has a large track record of successful project delivery. Amni engages in offshore oil and gas drilling, subsea flow transportation, pipeline systems and related field services. Having been in the industry for 44 years, Chairman/CEO, Tunde J. Alabi, notes how to survive the ups and downs. He explained how the company’s efficiency strategy is benefiting from investment in e-commerce, IT, and export sectors. Outside of its business towards the achievement of our long-term corporate objectives.

The government has been encouraging businesses in key sectors of the economy by providing intervention funds for on-lending to small and medium sized enterprises (SMEs). Unfortunately, these enterprises have had difficulties accessing these funds fully because of the on-lending banks’ risk aversion. If only one can have access to a steady pool of patient funds, it will finance properly structured projects, it will go a long way to energize the economic growth of the middle class and the young population of Nigeria.”

A through other sectors of the economy have not been as lucky. Nigeria’s financial services sector maintained a red-hot growth trajectory throughout the 2020 pandemic and lockdown. The financial sector grew by an astounding 28.4% in Q2 2020, even as the national economy contracted by 6.1%, meaning financial services will play an important role in short- and long-term economic recovery.

The Futureview Group is ready to take on the challenge. Established in 1993, the group comprises three core businesses that focus on financial services, securities, and foreign exchange trading. It has developed a rock solid reputation as one of the country’s most prominent and reliable investment banking corporations. The company is supported by a team of experienced professionals. For CEO Elizabeth Ngozi Ebi, what started off as a hobby has since grown into a brand that stands for good customer service. The company then started off like a boutique firm, operating even during over time to a group of companies in the Nigeria's oil and gas industry, the e-commerce, IT, health, and export sectors as areas where there is high potential for future growth.

Futureview Group - Forward-looking investment experts

As it moves to diversify and expand its portfolio, Futureview is opening up to new partnerships. Elizabeth Ebi said the case for investment is strong. Nigeria’s population is young, large, and growing fast, and it will continue to drive economic growth in Africa in years to come: “We are looking for partners that will bring value and exponential growth through innovation in any area of our business towards the achievement of our long-term corporate objectives. The future is so bright for us.”

Futureview Group - Forward-looking investment experts

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