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Nigerian oil firms get budget jitters

LAGOS — Multinational oil firms operating joint ventures in Nigeria say they expect a hefty cut to their requested cash call budget which is due to be announced today

Officials of state-run Nigerian National Petroleum Corporation said they believed low oil prices had forced the military government to cut the provision to about \$2,0bn from \$2,5bn last year and an original industry request for \$3,7bn for exploration and production this year

Gen Abdulsalam Abubakar said on Friday alternative funding arrangements were being pursued which would allow the development of new reserves without the government having to find the cash

Under the schemes, the companies themselves find the funding which they can recoup once production begins. However, oil firms are reluctant to invest their own money given the sickly state of the world crude market and concern about an upsurge in violence in the main oil-producing Niger Delta by youths demanding a greater share of the region's wealth

Meanwhile, a group of militant Ijaw youths from the oil-rich Bayelsa State has opted for peace after five days of fighting which saw at least 20 people killed. A spokesman for the group said the government had denied them revenue and royalties from oil companies operating in their areas — Reuter, Sapa-AFP

(226)

BD 5/1/99

Central bank's grip loosened

(226) BD 7/11/99
Kingsley Kubeyinje

LAGOS — Commercial and merchant banks in Nigeria are expected to begin wooing parastatals and government ministries as clients following the state's decision to curtail the functions of the reserve bank, the Central Bank of Nigeria

At present the central bank acts as sole banker to all ministries, parastatals and government-owned firms. The government, though, has directed that from April the bank will no longer be allowed to perform commercial banking functions

The new directive will effectively put asunder a 10-year-old rule which made it mandatory for all government institutions to keep all their funds only with the central bank

In terms of the new directive, ministries and parastatals will be free to negotiate and reach agreement with commercial and merchant banks on provision

of commercial banking services, subject to clearance with the office of the accountant-general of the Nigerian federation

Finance ministry sources said the decision may have been informed by the 500-million naira new minimum capital base stipulated for commercial and merchant banks, which is expected to make the banking system more stable

Nigerian bankers canvassed have welcomed the government's move

The federal government, 10 years ago, under the leadership of Gen Ibrahim Babangida, compelled ministries, parastatals and government-owned firms to withdraw their accounts from commercial banks and transfer them to the central bank

The government's decision then was aimed at curbing inflation and the amount of money in circulation. It was also seeking to reduce the pressure on the dollar in the local foreign exchange market

Nigerians go to polls in second phase of landmark elections

By TOYE OLORI
INDEPENDENT FOREIGN SERVICE

Lagos - The transition to civil rule programme in Nigeria will today enter its crucial stage with the election of 36 state governors and 984 state legislators for the fourth republic.

Today's elections are vital signposts in the democratisation programme of General Abdulsalami Abubakar. Elections were held on December 5 last year for local council chairmen and councillors.

Commenting on Thursday on the transition in Lagos, the Commonwealth secretary general, Nigeria's Chief Emeka Anyaoku, who is on holiday in Nigeria, asked the Niger-

ian electorate to vote for a party with a credible and convincing manifesto to address the country's problems and challenges.

Anyaoku said the Commonwealth has been working closely with the Independent National Electoral Commission, mostly through its monitoring group, to ensure that every stage of the election succeeds.

Elections will not be held in the crisis-ridden Bayelsa state, where militant youths of the Ijaw Youth Congress are engaged in violent clashes with security forces.

In Delta state, where there is a standoff between the Nigerian government and the Ijaw youths, it is unlikely there will be polls. Urhobo youths in the Delta area have given

oil companies and the government a 31-day ultimatum to address the situation in the Niger Delta.

Last-minute moves to canvass for votes have been embarked upon by politicians, who have been blaring party jingles and campaign messages from loudspeakers mounted on vehicles and going from door to door.

The campaign's focus mainly on the governorship positions, while not much is said about candidates for the legislature.

The candidates are promising the electorate a better life, good roads, constant electricity supply, and free education and medical services.

The Independent National Electoral Commission, overseeing the

transition, has cleared 89 governorship candidates of the three registered parties - the Alliance for Democracy, the People's Democratic Party and the All Peoples Party.

The commission said in Abuja that a new date for the governorship and House of Assembly elections would be announced later, without giving any reasons for the postponement.

Whoever emerges the winner in the governorship elections must record the highest number of votes cast in all the various states.

The commission also said measures had been put in place in an attempt to ensure the successful conduct of the elections throughout the country.

Star 9/1/94 (2ab)



EST OF AFRICA

Nigeria's centrists take lead in polls

(226) ND 11/1/99
State governorship elections praised for efficiency

LAGOS — Nigeria's centrist People's Democratic Party (PDP) took an early lead as results came in yesterday for the elections for state governorship, the latest step in the military's plan to relinquish power after 15 years

Saturday's vote for governors in 35 of Nigeria's 36 states was an important prelude to next month's elections for a national assembly and a president to replace Gen Abdulsalam Abubakar when he steps down next May

The PDP won the governorship in 12 of 22 states so far, followed by the left-leaning Alliance for Democracy which swept the six states in its southwest stronghold, including the commercial capital Lagos. The right-of-centre All Peoples Party (APP) has won four states so far, upsetting PDP in the northern Jigawa State

Foreign and local observers gave positive reports of the keenly fought elections for governors who control a significant share of oil revenue distributed by the central government in the country of 108-million

"It is certainly another big step towards democracy," said K Srinivasan, head of the Commonwealth's observer mission. "There was an evident improvement in the procedure of electoral officials compared with December's local government elections. Things were much more orderly, but I think there should be some concern about the voter turnout," he said

Srinivasan said he believed that the turnout would be less than the 46% recorded for last month's vote

Officials of local, independent monitoring groups also reported orderly conduct and improved efficiency of the elec-

toral commission

"So far it doesn't seem there's anything controversial yet," said Clement Nwankwo of the Transition Monitoring Group coalition of Nigerian prodemocracy organisations

Local newspapers carried reports of only one death related to polling day violence, compared with up to 10 during the last election. There were also fewer reports of arrests and ballot box thefts

"Everything went very smoothly and the turnout was very reasonable," Adama Bawa Mu'azu, the secretary of the Independent National Electoral Commission (INEC), said in Abuja

Only in southern Bayelsa state was voting prevented by disorder, following clashes last week between security forces and ethnic Ijaw youths demanding more of the region's oil money for their impoverished farming and fishing communities

The APP, which criticised last month's elections when it came a poor second to the PDP which received 60% of the vote, faces a crucial test to improve its standing. The party has been tarnished by the links of some of its leaders to the late dictator, Sani Abacha, whose sudden death in June made way for Abubakar and his democracy plan regarded as one of the fairest of many to be tried in the oil-producing country

The PDP, set up by veteran politicians who opposed Abacha's ambition to remain in office, has itself been criticised for links to retired military top brass who favour the presidential candidacy of former army ruler Gen Olusegun Obasanjo

Nigeria has been ruled by soldiers for all but 10 years since independence from Britain in 1960 — Reuter

Nigerian oil communities call for mediation

Kingsley Kubeyinje

LAGOS — As the crisis in Nigeria's oil-rich Niger Delta deepens, the consultative assembly of three dominant groups in the area has called for international mediation to resolve the ongoing face-off

The crisis, which has pitched communities in oil rich areas against petroleum exploration companies and the government has been very costly to the state

Nigeria recorded a deficit of 60-billion naira last year, partly because of the indiscriminate closure of oil wells by aggrieved communities

The Consultative Assembly of Ijaw, Isokos and Ndokwas in the restive Niger Delta, where Nigeria gets the bulk of its petroleum wealth, has called on SA, the US, France, Britain, China, Canada and Russia to prevail on the country's leadership to negotiate with the communities

The assembly urged the United Nations, the

Commonwealth and others they described as "progressive, friendly nations" to regard the action of the Nigerian government in the oil producing communities as a "declaration of war on ethnic nationalities"

The assembly said it was unflagging in its demand for the infrastructural development of oil-producing communities in Nigeria

In recent times, the impoverished Niger Delta has witnessed unprecedented crises, owing to the agitations of communities protesting decades of neglect by the central government

The communities have expressed their grievances in various ways, including the seizure of oil installations and hostage-taking

The communities have consistently argued that in spite of their enormous contributions to the national wealth, they have nothing to show for it, as they lacked basic amenities such as accessible roads, potable water and electricity They are also piqued by the enor-

mous environmental degradation of their areas, caused by the massive operations of oil prospecting firms

Ken Saro-Wiwa, the executed environmentalist and human rights campaigner, championed the cause of his minority Ogoni ethnic group from whose area alone, Nigeria is believed to get more than 20% of its oil wealth

Of late, the Ijaw ethnic group has become the most vocal in its demand for the control of the oil found in its areas

Late last year, Ijaw youths had in their "Kaiama Declaration" ordered all the oil exploration firms in their areas to quit before December 31 1998

The government responded to the ultimatum by deploying military tanks and personnel to safeguard oil installations and personnel

The government also declared a state of emergency in Bayelsa, one of the eight oil-producing states

10 Nigerian banks tagged for liquidation

BB 15/11/99 (226)

Kingsley Kubeyinje

LAGOS — Ten Nigerian banks have been earmarked for liquidation within the first quarter of this year

Central Bank of Nigeria governor Paul Ogwuma said this week that the affected banks would have their operational licences revoked before the end of March because of their inability to raise their capital base to the stipulated 500-million naira

"The banks likely to lose their licences are already isolated in the system, thus minimising the contagious effect on the economy," he said. He did not name the banks.

Ogwuma said the central bank

would ensure that the liquidation exercise was "speedily carried out"

He said that, so far, 64 banks, made up of commercial and merchant banks, had complied fully with the new capital-base requirement, while the recapitalisation claims of eight others were being verified by the central bank.

The governor said also that a number of foreign banks would be licensed soon, so as to strengthen competition in the banking industry. Ogwuma said approval for the foreign banks to start operations would be given as soon as the screening exercise was done.

He described the financial sub-

sector as the engine of the economy.

He said that henceforth "banks that are unable to survive would be allowed to die naturally"

In his opinion, despite the liquidation of some banks last year, "Nigeria is still underbanked"

Because of problems in the banking sector in past years, the Nigerian government gave all the banks in the country until December 31 last year to raise their capital base to 500-million naira or have their licences revoked.

Stanbic Merchant Bank of Nigeria, an affiliate of the Standard Bank group in SA, was among the first banks to raise its capital base.

Nigeria needs truth body, says mission

Kingsley Kubeyinje

BD 25/1/99

(206)

LAGOS — A truth and reconciliation commission modelled on SA's experience has been recommended to tackle the lingering instability in the oil-rich Niger Delta in southern Nigeria

A local nongovernmental organisation, Africa Environmental and Economic Peace Mission, called on the Nigerian government to establish a Niger Delta truth commission to establish the problems facing the area and to offer urgent solutions. The government has not made any decision yet.

The delta, inhabited by minority ethnic groups, produces about 90% of Nigeria's oil wealth. The country exports about 2 033-million barrels of crude oil daily. The delta, however, has been in turmoil over claims that local communities receive few benefits from oil revenues.

The locals, particularly the youths, are angry that despite producing so much national wealth, the delta remains the least developed part of the country and gets less than 5% of annual federal revenue. Delta youths recently resorted to seizing and vandalising oil installations and kidnapping oil personnel.

Late last year, youths of the Ijaw ethnic group asked all the oil-producing companies near their communities to stop production and to quit before December 31 or "face the consequences". The ultimatum prompted the government to deploy troops in the area.

The peace mission recommended that the truth commission be allowed to use "undoctored" and "unpoisoned" public memoranda to review existing legal provisions relating to oil communities.

The mission's co-ordinator, Stan Obianigwe, said Nigeria did not have a constitutional provision that accommodated delta inhabitants' desires, or managed their "alienation, degradation and complaints". The mission called for the withdrawal of soldiers. Obianigwe said violence should not be used to resolve grievances.

Meanwhile, the Joint Action Committee of Nigeria has given the government until the end of the month to withdraw the military or it will launch nationwide protests.

Nigeria agrees to IMF programme

Michael Holman
and Tony Hawkins (226)

ABUJA — Nigeria has ended a 10-year rift with the International Monetary Fund (IMF) and reached agreement on a fund-monitored economic programme

Senior officials in the country's military government said yesterday that the programme, expected to be approved by the IMF board by the middle of next month, was believed to include the main elements of the budget presented earlier this month.

The IMF pushed hard for the restructuring of public spending on poverty alleviation by cutting outlays on prestige projects. A tight monetary policy will also be needed to sustain the naira. Provided it is followed through by the military government and adopted by the civilian administration due to take office at the end of May, the agreement should pave the way for a debt-rescheduling agreement with the Paris Club of official creditors next year and the resumption of World Bank and other donor support.

It should also lead to a reappraisal of Nigeria as a market by export credit agencies. Britain, whose export credit debt is £3bn and which has suspended export cover, may now consider supporting blue-chip projects.

It marks the re-entry of Nigeria into the international economic community, a member of the Nigerian negotiating team said. "We now need early debt relief if the reform programme is to succeed."

Although western governments have warmly welcomed the economic and political reforms introduced by Gen Abdulsalam Abubakar since he took office last June, there is little likelihood of an early rescheduling deal.

Given the failure of past IMF deals, creditors will be awaiting the outcome of next month's presidential polls, the last stage in the phased transition to civilian rule. Leaders of the three parties contesting the polls have not been consulted about the programme and no deal on debt is likely until the new civilian government has shown its commitment to the reform programme. — Financial Times

DD 26/11/99

Central bank tackles conmen

Kingsley Kubeyinje (226)

LAGOS — In a bid to polish Nigeria's image abroad and attract foreign investors, the Central Bank of Nigeria has spent 430-million naira (\$5m) fighting Nigerian crooks who specialise in fleecing foreign companies and citizens of their money

The amount was spent by the bank to place advertisements in the foreign media, warning foreign companies and investors to beware of the conmen, locally referred to as "419 operators"

Lt-Col Jubril Hassan, chairman of the presidential task force on financial crimes, said in Lagos that the bank had placed "advisory advertisements" in 80 newspapers and magazines in 12 languages and in 36 countries, warning "genuine investors" about the conmen

BD 29/11/99
The thieves send unsolicited bogus business proposals to their potential prey, asking them to be their "foreign technical partners" and interesting them in seemingly lucrative but fake deals.

The "deal" could involve the lifting of crude oil running into several millions of barrels, or a fake multimillion naira government contract

The "foreign partners" are asked to pay certain fees in forex to defray certain "administrative charges" The fees, which are the main goal in the scam, can run into several thousand dollars In certain cases, the conmen even arrange for their potential victims to visit Nigeria On arrival, they are given red carpet treatment and lodged in top local hotels They could even be taken to certain government establishments where they are received by collaborators, thus giving the impression that the deal is real

Hassan said the central bank had to spend the money to restore the international image of the country, which he said, had been severely battered by the crooks.

It also wanted to ensure genuine foreign investors were not scared off from investing in Nigeria

Hassan called on foreign investors to "authenticate unsolicited letters of business proposals with Nigerian diplomatic missions abroad"

Last year Hassan said his team, in collaboration with the postal service, intercepted 4-million such letters being sent abroad to defraud unsuspecting foreign investors

Hassan said the task force had also closed down thousands of post office boxes and withdrawn telephone lines from suspected conmen

Nigeria expects an early meeting with aid donors

BD 27/1/99 (226)

LONDON — Nigeria's government is expecting an early meeting of international donors to seek funding for the nation's \$1.5bn financing gap for this year, Finance Minister Ismaila Usman said yesterday.

Although many donors will regard this timetable as optimistic, they are nevertheless anxious that the incoming civilian administration, scheduled to take office at the end of May, should start on a sound financial footing.

The minister confirmed expectations the International Monetary Fund (IMF) board would soon approve a staff-monitored policy programme with Nigeria.

This would pave the way, the minister said, not only to rescheduling talks with the Paris Club as early as April, but would also make Nigeria eligible for an IMF loan that could be worth as much as \$1bn.

The Paris Club of official creditors is owed about two thirds of Nigeria's estimated \$29bn external debt.

Preliminary talks are already under way with the leading members, and the minister said a Nigerian team would be holding discussions in London with treasury officials next month.

In the clearest account of the Nigerian military government's economic strategy to date, Usman confirmed the measures to close the financing gap, partly the result of low oil prices, should be in place before the civilian government takes over on May 29.

The last phase in the transition, the presidential election, takes place on February 27.

Both sides are reportedly anxious that an agreement should be in place well before the elections, the final stage of Nigeria's return to civilian rule in May.

The military hope this will lock in their successors to an economic strategy that has international support.

Talks began shortly after the death last June of General Sani Abacha, who presided over an authoritarian and corrupt regime until he died of a heart attack.

His successor, Gen Abdulsalam Abubakar, was warmly welcomed by western governments after he released political prisoners and pledged an early return to

civilian rule

A major obstacle to agreement with the IMF was removed in the January budget, when he announced abolition of the country's two-tier exchange rate.

The government has also met other IMF conditions — these include removing the subsidy on domestic fuel, making the central bank autonomous and recovering nearly \$800m of funds misappropriated during the Abacha era.

The government is also understood to be prepared to axe loss-making state projects and change its pattern of spending by providing a greater share for education, health and other social services.

Nigerian officials have already begun the process of seeking a sympathetic response to debt rescheduling.

The officials have been arguing that without debt relief the civilian administration could be overwhelmed by economic problems.

Officials taking part in the latest talks with the IMF, being held in Abuja the Nigerian capital, said yesterday they were hopeful that agreement was within reach on what they admitted were some of the most sensitive and difficult conditions.

The IMF is seeking greater transparency in central bank transactions and effective monitoring of the state-owned Nigeria National Petroleum Corporation.

Oil exports — which were worth \$6.8bn last year — account for more than 95% of Nigeria's export earnings.

The incoming government will have to cope with Nigeria's worst economic crisis since the country obtained its independence in 1960.

Oil prices are at a 12-year low. Service arrears on external debt are mounting by \$1bn annually and the economy has been disrupted by three decades of corrupt and incompetent military rule.

Should the agreement be struck and then followed through by civilians, the short-term benefits will be modest.

The first aid tranche is unlikely to be more than \$300m — which amounts to less than half of Nigeria's annual service payments to the World Bank and other multilateral lenders. — Financial Times.

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Nigeria's civilian president will take over tough task

But the IMF is back in town, report Michael Holman and Tony Hawkins of the Financial Times

NEARLY seven years after its last agreement with Nigeria's military government collapsed, the International Monetary Fund is back in town. Just 18 weeks before the soldiers are due to hand back power to an elected civilian government, Africa's most populous nation will be trying again, with the fund's assistance, to overcome the corruption and mismanagement that has seen it squander \$280bn in oil earnings over 25 years.

Provided Nigeria meets programme targets during a period of formal monitoring, say fund officials, it should qualify for an enhanced structural adjustment facility of \$1bn. This would pave the way for negotiations with the Paris Club of official creditors for rescheduling their \$20.6bn share of the country's external debt, put at \$29bn to \$31bn.

Finance Minister Ismaila Usman hopes this timetable will be shortened so that an IMF loan, a debt-

rescheduling agreement with the Paris Club and a donor's consultative meeting could be concluded before civilians take over in May. This would enable Nigeria to close its \$1bn-\$1.5bn financing gap for 1999.

Although previous deals failed after the military reneged on its pledges, this time it could be different, say Nigerian officials. Different, partly because after 16 years in power the soldiers are on their way back to the barracks, but also because Nigeria's economic plight has deepened to the point where radical surgery is now essential.

The oil price has virtually halved since the last IMF agreement a decade ago, the infrastructure is on its last legs, and the naira, worth a dollar in the early '80s, buys little more than a cent today.

New problems have added to the formidable challenge awaiting the victor of next month's presidential elections. The Nigerian army is

engaged in a debilitating peace-keeping mission — which it is no shape to finance — in Sierra Leone. At home, an estimated 10% of oil production is closed down in the Delta region, where radical young protesters are demanding effective action to reverse environmental degradation and a more equitable sharing of oil revenues.

A fragile transition to civilian rule is under way, diverting attention and resources away from the economic crisis, but international monitors warn that much can still go wrong. The electoral register is inflated, it is unclear which of two constitutions will be applied on February 27. The formidable logistics are unlikely to be tackled efficiently, leaving the way open for cries of foul and subsequent legal challenges.

Hopes that the election will end uncertainty so that businessmen can make long-term investment decisions are unlikely to be realised

Instead, installation of a civilian president at the end of May may well mark the start of a wide-ranging, protracted constitutional debate about regional autonomy and the need for a fairer formula for sharing oil revenue — this accounts for 95% of exports, two-thirds of government revenue and 35% of gross domestic product.

In his seven months at the helm, Gen. Abdulsalam Abubakar has done enough to get the reform movement on the road, abolishing the dual exchange rate and the domestic fuel price subsidy, promising central bank autonomy, and cutting some public sector spending.

However, the full adjustment effect of last year's steep oil price decline has still to be felt, say bankers, most of whom expect the naira to drift from its current level of 86 naira to the dollar to about 100 to 110 naira by Christmas.

The new president, fearful of the potential social consequences of currency devaluation, will have to choose between leaving the naira to find its own level or using foreign reserves of more than \$6bn and tight monetary policy to hold the overvalued currency.

It requires a huge leap of faith, says one western diplomat, to believe the incoming government can end military involvement in Sierra Leone, sort out the crisis in the Delta, implement tough economic reforms that strike at corruption, and cope with the country's worst economic crisis since 1960.



Nigerian leader Gen Abdulsalam Abubakar

Nigeria to get conditional \$1,5bn package to avert economic crisis

BD 3/2/99 (22b)

ABUJA — Western governments and lending agencies are preparing a conditional \$1,5bn package of support for Nigeria in an effort to ease an economic crisis which could destabilise the civilian government, due to take office at the end of May

Provided the winner of this month's presidential poll backs the economic reform programme introduced by Gen Abdulsalamu Abubakar, Nigeria's military leader, an informal meeting of donors, chaired by the World Bank, is planned for March

This will be accompanied by first steps towards rescheduling Nigeria's \$29bn external debt, say western and Nigerian officials

The initiative, which gathered momentum following Nigeria's recent return to the International Monetary Fund (IMF) fold after a 10-year break, reflects the importance western governments attach to the successful return to democracy of Africa's most populous nation, at a time when its economy is undergoing the most serious strains since independence in 1960

The transition was at "a critical

moment for Nigeria and the African continent", Gordon Brown, the UK chancellor of the exchequer, told a private dinner at the World Economic Forum in Davos on Saturday night "The west has to play its part in making it a success," he said

"We also have to see a new commitment to open government, sound and transparent institutions of policy, and a shift in spending towards health and education "

Last month, Nigeria met some of the main conditions of an IMF agreement when it ended a two-tier exchange rate and subsidy on domestic fuel, and pledged faster privatisation of state-owned companies

This paved the way to an agreement on an IMF-monitored programme, which the fund board is shortly expected to approve The proposed donor meeting, say western officials, will be part of an effort to help bridge Nigeria's current financing gap, estimated by Finance Minister Ismaila Usman at \$1,5bn

IMF and Nigerian government officials expect the full impact of the 12-year low in the price of oil, which accounts for 95% of export earnings,

to hit the country mid-year, shortly after the scheduled handover to a civilian administration

Fund officials fear that without external assistance, there is a risk of social unrest in a country already under considerable strain Unemployment is rising, per capita income has fallen from a peak of nearly 1 000 a year to about 250, the country's infrastructure is near to collapse, and the naira, worth a dollar in the early 1980s, is worth barely a cent today

Western officials make clear that Nigeria will have to overcome widespread scepticism about the commitment to reform from a country that has failed to keep past pledges to the IMF and is notorious for corruption

The presidential election takes place at the end of this month but the inauguration of the new administration is not until the end of May

□ Nigeria's ruling military council had agreed that more powers would be given to state and local governments in the new constitution They would be enforceable under civilian rule, a government official said on Monday — Financial Times, Reuter

Nigeria gearing up for privatisation

ABUJA — Nigeria's privatisation agency said yesterday it had begun interviewing 48 potential strategic investors for state enterprises earmarked for sale by the military government

The agency said it aimed at starting the programme with the sale of stakes in state-owned telecommunications firms and some power plants ahead of Gen Abdulsalam Abubakar's hand over of power to a civilian president on May 29

Most interest has been in the former state telephone utility Nitel and mobile phone company M-Tel, units of state power generation and distribution firm Nepa and the National Fertiliser Company, but some investors have also expressed interest in a paper mill, sugar factory and a

number of hotels

Abubakar has promised to get privatisation under way by the time he steps down for the civilian president who will be chosen in the February 27 elections.

Insiders say there is still disagreement within the ruling military council and mostly civilian cabinet as to exactly how the economic reform programme will be handled and the role of a planned privatisation council

Also on the privatisation list is Nigeria's aluminium smelter, with a designed capacity of 193 000 tons a year. It began operation in late 1997 but has worked at only a fraction of capacity due to a lack of money to complete construction and provide working capital — Reuter

BD 5/2/99

(226)

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Corruption

report stifled

LAGOS: Nigerian police have seized 80 000 copies of a weekly Nigerian magazine, *The News*, that promised revelations on corruption under the last military regime, and have arrested an official

Police on Saturday night seized the print run for the western and southern regions

They also arrested the company's chief accountant, Kingsley Uwannah, and sealed its Lagos offices

The company plans to issue a formal protest —

Sapa-AFP 008/2/99

Little faith in next Nigerian elections

An exclusive group is deciding on the new constitution, writes Dianna Games

THE process towards democracy in Nigeria has not found favour with members of the Nigerian opposition, who say that if fundamental and structural problems are not being addressed, the whole affair might be reduced to a disastrous experiment

Prominent opposition members travelled through SA recently to express their dissatisfaction at the process designed to send the military back to the barracks

The main objections are the continued exclusion of the broader civil society in drawing up a new constitution and the fact that a sovereign national conference, which has been on the cards for nearly a decade, has not yet been organised by the government

The 1995 constitution, drawn up under previous ruler, Gen Sani Abacha, has little credibility

Current military ruler Abdulsalam Abubakar recently set up an independent review panel to find out what sort of constitution the country wanted. The dominant view was that the country should return to the 1979 constitution, drawn up by a civilian government. However, opposition figures are looking for a Codesa-type process, where the country draws up a whole new constitution

Kayode Fayemi, co-ordinator of the European office of the United Democratic Front of Nigeria — an umbrella opposition group — and the National Democratic Coalition said the elections were a move towards democracy, rather than democracy itself

Fayemi said the three parties contesting the election were groups hurriedly cobbled together and had no plan to deal with a country in a state of near collapse. He argued that this made it essential to treat the elections as the beginning of an interim phase of action towards real democracy.

It would be a mistake if those elected saw themselves as the

representatives of the people, he said. Voter turnout had been low, particularly among the 4-million people living in the troubled Delta State, which has been beset by protests against the government

Fayemi said in order to solve the country's problems, power had to be devolved down from the centre "rather than having this clamour for the presidency"

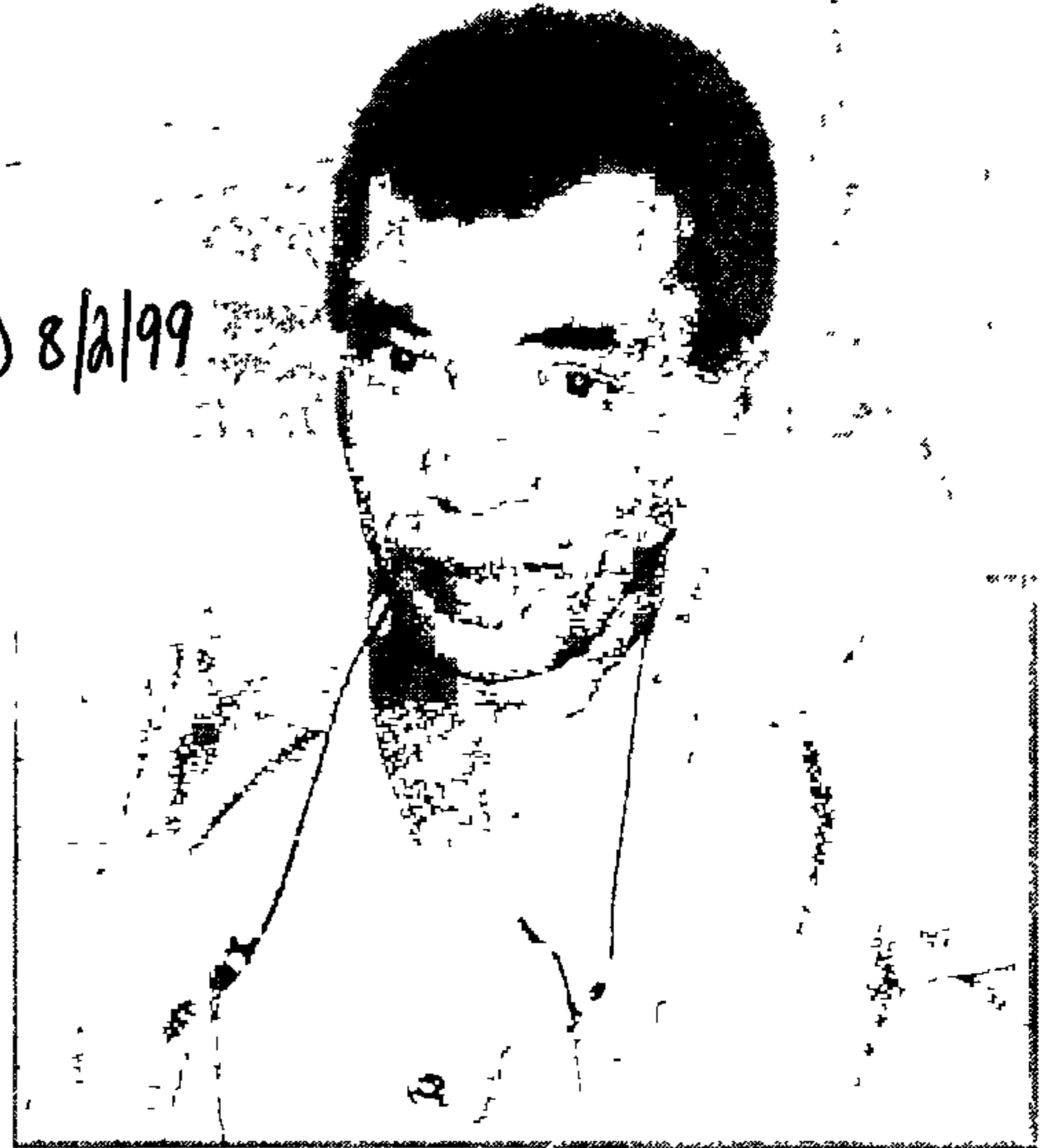
The ruling military council has already agreed in principle that this will happen when the army gives up power in May

Fayemi said a "nationalities conference" was vital to address the regional divisions in the country "People feel passionate about choosing someone to look after their interests. This has been shown by the uprising in Delta State"

Beko Ransome Kuti, head of opposition group Campaign for Democracy who was also in SA this month, has been a key campaigner for a nationalities conference. A conference was finally convened in Nigeria several months ago by a range of human rights organisations, including Kuti's, but it has been largely ignored by the government

The authorities feel such a conference to be divisive rather than a mechanism for creating unity between ethnically divided peoples, particularly because the parties contesting the elections are geographically broad based

Kuti, a medical doctor, was arrested by Abacha in 1995, along with presidential hopeful and former military leader Olusegun Obasanjo, for allegedly plotting a coup against him. Kuti spent three years in jail, most of them in solitary confinement, and was released last year after Abacha's death. However, although he still heads the organisation — it was the only internal opposition to the government until 1994 — he has not been pardoned and may not



Beko Ransome Kuti .. a key campaigner

hold any political office

At the time of the arrests, SA's deputy president Thabo Mbeki flew to Nigeria to appeal for clemency for those arrested for involvement in the plot. However, only days after he left the country, Abacha ordered more arrests, including that of Kuti

Kuti claimed the problem was more insidious than just the military, arguing that the north was using the military to achieve its aims and gain power to install its people in key government positions

He said a nationalities conference would force the renegotiation of this domination, as would a return to proper federal structures. The country was in danger of breaking up if structural political imbalances were not addressed. Kuti felt the international community, including SA, favoured Obasanjo as the new president. Obasanjo was a member of the centre-left People's Democratic Party, which was a winner in the local and state elections

However, he enjoyed little support in his home base — the southwest — and his party had failed to win even a seat in his ward. Also, Obasanjo may not enter the presidential race as he is up against fellow party contender Alex Ekwueme, a former vice president. The party is to decide between them next weekend

Kuti claims that Obasanjo is nothing more than a front for the powerful north

How to share power has been at the heart of Nigeria's political and ethnic problems since independence from Britain in 1960, with power becoming increasingly concentrated in the centre

The main battle has been between north and south, but all regions want a greater share in the government, and with it the wealth from oil

Fayemi said because of Obasanjo's military background, people appeared to believe he could deal with the military. However, should he win the presidential race, his success would be put down to rigging by the military

The opposition sees the election as a ploy by the military to hive off the country's problems while retaining real power behind the scenes

The lack of preparedness by the parties contesting the election would appear to highlight their concerns that the election may not solve anything in the end

Fayemi said that in general people were voting to get the military out rather than to get a party in, while the international community just wanted a result that conveyed the end of military rule

"There is fatigue in the international community about Nigeria — they just want change, no matter what it is"

Lagos bows to IMF on oil accounts audit

Military rulers give pledges in a bid to address the concerns of donors and creditors about corruption and transparency

Michael Holman

Financial Times

LONDON — Nigeria has for the first time accepted external auditing of the accounts of the state-owned oil company as a condition of the country's new provisional deal with the International Monetary Fund

The Lagos military rulers, due to hand over to civilian at the end of May, will also provide the fund with monthly figures of foreign exchange flows to and from the country's central bank

The pledges, intended to address creditor and donor concerns about corruption, and to tie the proposed civilian administration into transparent government, are among terms set out last month in a policy memorandum to IMF MD Michel Camdessus from Nigerian Finance Minis-

ter Ismaila Usman. A memorandum from Usman to the IMF goes to the country's military executive soon. Although it is expected to be approved, fund and other officials warn that implementation will encounter strong opposition from vested interests

Oil exports of just less than 2-million barrels a day account for 95% of foreign exchange earnings, and the sector directly or indirectly provides much of the patronage that controls the country's political system.

The Usman document warns that the country faces "daunting challenges", with a 1.6% fall in gross domestic product forecast for this year

Low prices saw oil earnings fall from \$14.9bn in 1997 to \$9.3bn last year, and the current account trade balance swung from a surplus of \$1.9bn to a deficit of an estimated \$3.1bn (9.1% of

DD 8/2/99

(22b)

gross domestic product) over the same period. External debt at the end of last year was stood at an estimated \$28.8bn, which includes about \$17.7bn arrears, due almost entirely to Paris Club creditors. The finance minister's memorandum places emphasis on ways to convince the fund and sceptical creditors that Nigeria is determined to put its house in order, and so pave the way to debt rescheduling and fresh loans

Recognising the need for what it calls "greater transparency", the memorandum promises to bring the notoriously lax management of the Nigerian National Petroleum Corporation (NNPC) under what would be unprecedented public scrutiny

"Externally audited accounts for 1998 will be completed and submitted to the office of the auditor-general by June, and published shortly

thereafter," says the memorandum

"A full accounting of the upstream and downstream operations in 1998 of the NNPC, including all oil revenue and related spending, will be published." The memorandum also promises that "information fully accounting for foreign exchange inflows to, and outflows from, the Central Bank of Nigeria (with large transactions separately identified) will be provided to the IMF each month during 1999"

In addition to allowing close monitoring by the fund of the NNPC and the central bank, the memorandum says the government "intends to conduct, with the assistance of the IMF, a thorough review of the laws establishing the main principles and institutions" of government by the end of May, the date set for the handover to a civilian administration

Shell offers \$8.5bn plan to Nigeria (226)

FROM REUTERS

London—Royal Dutch/Shell, the Anglo-Dutch oil company, has proposed an \$8.5 billion, five-year investment plan to the Nigerian government aimed at revitalising the country's petroleum industry, the Financial Times (FT) newspaper said yesterday.

Quoting the head of Shell's Nigerian division, the report said Shell, which produces about half of Nigeria's output, was in talks with the government, other international oil companies and contractors.

The FT said Shell's plan would increase Nigeria's output by a third, mostly from new offshore fields, and make Nigeria a global player in the natural gas industry.

CT(BR)9/2/99

\$8.5bn plan to revitalise Nigeria's oil

Robert Corzine

Financial Times

Massive investment project will increase production by 600 000 barrels a day

DD 9/2/99

LONDON — Royal Dutch/Shell has proposed an \$8.5bn plan to revitalise Nigeria's petroleum industry with one of the most ambitious integrated oil and natural gas development projects in the world — sub-Saharan Africa's biggest industrial investment.

The Anglo-Dutch company, which produces about half of Nigeria's output of just less than 2-million barrels a day, is in talks with the military government, politicians, international oil companies and contractors. The five-year project would boost Nige-

rian oil output by almost a third, or 600 000 barrels a day, mostly from new offshore fields. It would also establish Nigeria as a global force in liquefied natural gas.

Approval of the plan would be a big political boost to an incoming civilian government, which stands to inherit the country's worst economic crisis since independence nearly 40 years ago.

The board of directors of Nigeria Liquefied Natural Gas, which includes representatives from the government, Shell, Elf

Aquitaine of France and Agip of Italy, were locked in talks in London last week to decide whether to launch a third production train at its Bonny Island plant on Nigeria's Atlantic coast. The organisation is chaired by a senior Nigerian government official.

The third train is the key building block in Shell's integrated plan to develop four big offshore oil fields, including its Bonga deep water discovery, and a vast offshore and onshore gas-gathering pipeline network to turn the huge quantities of gas that are flared into

the organisation for export. Two of the big offshore fields are shallow water discoveries that Shell has not previously made public.

The company said the scheme would generate net income for the Nigerian state of \$20bn in 25 years. It would also entrench Shell's controversial presence in Nigeria. The inhabitants of the Niger Delta, where Shell's operations are concentrated, are growing increasingly restive over the lack of development in a region that produces most of the country's wealth.

7 (aab)

There have been clashes recently between the army and militants, including an incident outside Shell's Forcados export terminal last week when five people were killed. Militant groups have forced the closure of about 150 000 barrels a day of Shell's oil production in the delta.

Ronald van den Berg, chairman of Shell's Nigerian subsidiary, said 70% of the \$8.5bn cost over the next five years would be provided by international companies. The Nigerian government would have to contribute the remainder. He said officials in Abuja, the capital, have agreed to make gas-related investments a priority.

Industry

AFRICAN BUSINESS

Border wars with neighbouring states move closer as sector awaits legal decree

Nigeria's oil partners lobby for rich undersea pickings

(226)

CT(BR)10/2/99

MATTHEW TOSTEVIN

Lagos — A century after foreign powers carved out Nigeria's land borders, the world's biggest oil companies are fighting here to claim the sea

Far beneath the waves off the coast of west Africa lies the promise of oil and gas fields too significant to ignore even with crude prices at a 12-year low and worries over maritime borders

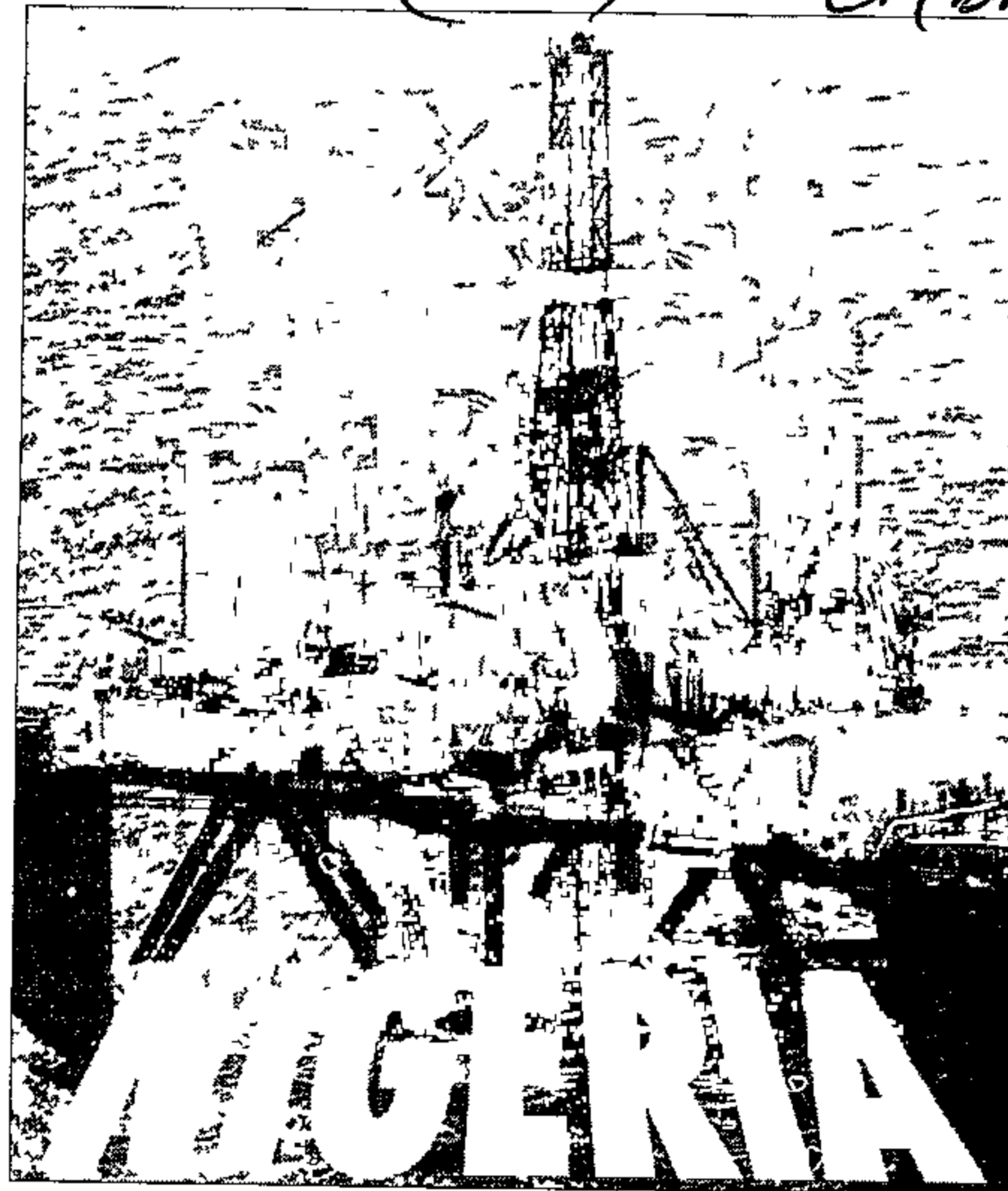
New undersea reserves highlighted by recent discoveries could attract billions of dollars and offer a bonanza to whoever rules oil dependent Nigeria in five to 10 years

"We can't put an exact figure to how much is really there, but we know there have been important finds," said Aret Adams, the petroleum adviser to the military government. Adams is pushing for a law to allow oil firms to begin development

Estimates of how much oil lies in waters deep off the Niger delta range from 8 billion to 20 billion barrels — nearly as much as proven reserves onshore and in shallow waters, where over 2 million barrels per day (bpd) are currently pumped

Nigeria's prospects attracted renewed attention after Texaco's announcement of a large find at its Agbani deep water well last month. Industry sources say the find is second only to Royal Dutch/Shell's 1996 Bonga discovery, estimated to hold at least 1 billion barrels and capable of producing 350 000 bpd

Elf-Aquitaine, together with Canadian Occidental,



Conoco and Agip have found potentially viable reserves. Exxon and Statoil are hopeful after results of new drilling

The problem now is how soon development can go ahead. Prices of around \$10 a barrel could make many fields marginal prospects. There is also no legal decree to back up attractive investment terms agreed in 1993

"They keep on saying the decree will be passed and they keep on not doing it," said the managing director of one of the companies. "These developments are potentially vast. To invest in them we have to know the government is serious"

Terms for new concessions will not be as generous as those

agreed in 1993. But the next set may come up for signing before General Abdulsalam Abubakar hands power to an elected president on May 29, ending 15 years of military rule

Winning Nigerian blocks has traditionally been not just a matter of the right investment plan but careful calculations of how much upfront cash to offer and which contacts to make

Total squeezed into the first ultra-deep block, potentially one of the best prospects, just before dictator Sani Abacha died last June. Then awards were suspended and a block withdrawn from one of his political cronies

The deeper the blocks go,

the greater the potential for conflict with neighbouring countries who are much smaller than Nigeria and just as desperate to secure oil income

Nigerian officials suggest joint development schemes for projects in disputed waters — but their idea of disputed waters includes what countries like Equatorial Guinea, Sao Tome and Cameroon believe is rightfully theirs

Dozens of lives have been lost in the past four years in a smouldering conflict between Nigeria and Cameroon for the Bakassi peninsula. Possession of this land would radically alter maritime boundaries

Elf and Canadian Occidental have made important discoveries in block OPL 222, which is partly disputed with Equatorial Guinea. Mobil operates the Zafiro field on the other side of the border, to which Nigeria claims partial rights

A joint boundary commission has not yet been able to solve the problem, with so much at stake for the rival governments and the oil giants who whisper in commissioners' ears

"It's easier to go ahead with development as soon as possible and make sure a concession is secured," said an executive with one deepwater firm. "That by itself will tip the balance when it comes to negotiations"

"Even with the low prices, this is a huge area to be in for the future. With competition as fierce as it is, nobody can afford to be squeezed out of the game," he said — Reuters

Nigeria polls: world stands ready to help

Star 10/2/99
By GODDY IKEN
Lagos

As the date for the crucial February 27 presidential election in Nigeria draws near, Pretoria has joined the league of friendly African nations, the United States, Europe and international bodies like the European Union and the Commonwealth in pledging support for the military government.

Three prominent figures will be involved in promoting an election that will be heavily dependent on the goodwill and, even more crucially, money from the outside world.

President Mandela, on his way home from Davos, Switzerland, where he attended a meeting of the World Economic Forum, stopped over to commend the Nigerian military leader, General Abdulsalami Abubakar on the "resolute steps taken towards moving the country to civilian rule"

He pledged "any support required" towards the successful completion of the elections to return Africa's most populous nation to democratic rule after over 16 years (1983-1999) of uninterrupted military rule. The first intervention of the military in Nigeria was in 1966 and it lasted for 13 years (1979).

And today Deputy President Thabo Mbeki departs on a visit which will enforce South Africa's position.

Finally Archbishop Desmond Tutu, is expected in Lagos soon as the honorary chairperson of the United States Leadership Commission to monitor the elections.

The commission was established by the Africa Fund, a New York-based human rights advocacy group.

According to the executive director of the 11-member commission, Jennifer Davies, the group has been working closely with the Nigerian transition monitoring group, a coalition of several human rights and pro-democracy groups in Nigeria.

She said the group would send a clear message of American public support "which is important because the United States buys nearly half of its oil from Nigeria"

In addition the European Union (EU), which is sending in 100 observers, recently arranged a \$4-million (R24-million) tranche to the Independent National Electoral Commission.

The amount, which is in four components, will be used for the provision of computers, vehicles, civic education and manpower training.

In the same vein, the American government has donated R30-million to assist with the polls.

(226)
The Commonwealth, which suspended Nigeria from the organisation, has also offered to help.

Relations between the US and Nigeria, like those of the EU and South Africa with Nigeria, had been frosty due mainly to Nigeria's human rights record during the administration of Nigeria's late head of state, General Sani Abacha (1993-1998).

Although Nigeria is currently on the path of achieving full re-engagement of bilateral co-operation with the EU, there is unlikely to be any full resumption of relations before democracy is fully restored in May.

The Commonwealth Secretary-General, Chief Emeka Anyaoku, said in Nigeria last month that readmission into the body would have to wait until the elections were concluded.

Unlike the conditions outlined by the EU and the Commonwealth, relations between Nigeria and South Africa have improved tremendously since Abubakar took over in June.

Mandela visited Nigeria last October to address the sub-regional body, the Economic Community of West African States (Ecowas), and Abubakar visited South Africa twice last year. The first was at the invitation of Mandela and the second was to attend the Non-Aligned Summit in Durban.

Nigeria is expected to conclude the transition to civil rule programme with the presidential elections. The three surviving political parties, the People's Democratic Party (PDP), the All People's Party (APP) and Alliance for Democracy (AD) have selected their presidential candidates.

The PDP is widely expected to win the presidential election since it is currently leading the other parties in the elections already concluded. Of the 36 states of the Nigerian federation, the PDP won the governorship positions in 21, while APP won in nine and AD won only in six in the southwest.

Among the prominent presidential aspirants are Nigeria's former military head of state, General Olusegun Obasanjo and a former vice-president of Nigeria, Dr Alex Ekwueme. Both are seeking the ticket of the PDP, while a former finance minister and secretary to the military government, Chief Olu Falae, is contesting under the platform of the AD.

A former senator, Olusola Saraki, former senate president Joseph Wayas, and a publisher, Chief Emmanuel Iwuanyanwu, are contesting on the platform of the APP.

Only one man is expected to emerge as the candidate from each party - Star Foreign Service



Democracy's hope ... General Abdulsalami Abubakar.

Rush to repair Nigeria's ailing power stations

Kingsley Kubeyinje (AK)

LAGOS — Nigeria's plans to award large maintenance contracts for the repair of key electricity power stations have triggered stiff competition among foreign firms

Said to be worth "millions of dollars", the contracts have attracted companies from Israel, Germany, China and other countries

Nepa, the state-run electricity corporation,

has painted a grim future for the ailing power stations, and warned that without urgent action the entire country might soon be plunged into darkness

A power and steel ministry source said "The foreign firms have started intense lobbying" Power generation and distribution are two major problems in Nigeria. Because of frequent power problems, most factories run on heavy duty generators

BD 11/2/99

Sasol-Nigeria gas venture gets boost

GODDY IKEH

Lagos — The \$500 million Nigerian gas-to-liquids joint venture between Sasol, the synthetic fuel producer, and Chevron, the US oil company, is about to get a boost after the cash-strapped west African country recently announced new incentives for the exploitation of its gas resources

The country already grants tax holidays to investors exploiting its gas resources

The project will use Sasol's slurry-phased distillate process technology to produce environmentally friendly, low-sulphur diesel fuel from natural gas

The companies will process Nigeria's associated gas, or gas produced in association with crude oil. This is largely flared because of inadequate utilisation facilities and a poor and undeveloped domestic gas market.

Ismaila Usman, the finance minister, said recently that all capital investment relating to the gas-to-liquids facilities would be treated as chargeable capital

(226) CT(MR) 12/2/99
allowances under the petroleum profit tax and be recoverable against the oil income. The capital investment allowance would rise from 15 percent to 35 percent

Oil price weakness has forced the Nigerian government, which depends on oil for more than 95 percent of its foreign exchange earnings, to shift its investment focus to gas

Nigerian gas reserves are estimated at 160 trillion standard cubic feet

The proposed Sasol-Chevron project will be alongside Chevron Nigeria's Escravos gas project in southwestern Nigeria

Chevron officials in Lagos say that a feasibility study for the project will be completed in the first quarter of the year

The project will benefit from Chevron Nigeria's experience in the oil and gas industry of Africa's leading oil-producing country. The company has many oil and gas fields. It started exporting liquefied petroleum gas from Escravos last year — Independent Foreign Service

□ NIGERIA

Lagos discusses \$8.5bn oil investment

Royal Dutch/Shell, the oil company, said yesterday it was still trying to fine-tune an international investment of \$8.5 billion in Nigeria with the government. ⁽²²⁶⁾ CT (BR) 12/2/99

Philip Watts, a Shell managing director, confirmed that Shell was hoping to start production in 12 new Nigerian developments, of which six would be offshore deposits, as part of a major international oil programme. The development would group the Nigerian government, Shell, Elf Aquitaine of France and Agip of Italy. The investment would enable Nigerian oil production to rise by nearly a third to 600 000 barrels a day.

The plans include harnessing the vast quantity of natural gas that is flared at oil production sites. "The Nigerian government funding share would be 25 percent and the \$3.5 billion left would be taken by Agip, Elf and us," Watts said. Shell said the planned development fitted well with its strategy of sinking investments in low-cost areas. — *AFP, London*

□ NIGERIA

Cocoa prices pushed to extremes

Major buyers ready to pay over the odds for Nigerian cocoa beans to cover contract obligations had pushed up farm-gate prices to unusual highs, traders said yesterday.

They said local prices had risen sharply in recent weeks despite an abundance of beans on the market and falls in world prices. "While ideally the price per ton of beans should be about 100 000 naira (about R7 070), you find people paying up to 117 000 naira," said a local buying agent.

Initially conservative estimates of about 140 000 tons for the 1998-99 crop had been revised up to more than 150 000 tons. The buying season, which usually ends in December, was expected to continue beyond February. "There's still a lot of beans around. I can grade 200 tons a day if I want to pay the going price," another trader said. — *Reuters, Lagos*

Nigeria scores an own goal

ET 12/2/99

MATTHEW TOSTEVIN

Nigerian league soccer teams rarely lose at home — it isn't in the programme

"Looking after the referee is the responsibility of the home team and it's taken very seriously. Sometimes the fans will have a whip-round for money to sway any borderline decisions," said a senior official with one of Nigeria's best-known sides

"Woe betide any referee who then goes against the home side and doesn't get out of town quickly," he added

Fixing the odd soccer game is only the tip of the corruption which stretches its tendrils throughout Nigeria's government and society, strangling business and wasting billions of dollars in the poverty-stricken country

None of Nigeria's governments since independence in 1960 have been able to get to grips with graft for long. Scepticism runs high over the ability of an elected civilian government to do any better

But the stakes have never been so high either, with the possibility of badly needed external financing much improved if the official books appear to have been cleaned up for International Monetary Fund monitors to see

"The perception is that it's not likely you will get caught and not likely you will get punished," said Soji Apampa, who heads Integrity, a group campaigning for better governance to end corruption. "Many people are in corruption because they can't see any other way"



Nigeria came 81st of 85 countries in the Transparency International corruption perception survey last year. Few in the west African country of at least 108 million stand outside what has become the norm

The 20 naira (R1,41) bribe to pass a police checkpoint is a semi-official charge on many roads. Some civil servants openly solicit gifts to complete paperwork. Phones can be cut off until a technician is "settled"

Lower-level corruption has a long history in Nigeria. Rival

ethnic groups and clans did not necessarily see it as a crime to steal from their enemies, whom the British colonial administration sometimes asked them to supervise.

But workaday bribery is trivial compared with the misuse of oil revenues, which have made some Nigerians among the world's richest people and ensured very comfortable lives for a few thousand more

It does not help that 90 per cent of Nigeria's foreign income derived from oil production is

distributed from the centre, making it relatively easy to skim. Several hundred million dollars have been recovered from the family and aides of late dictator Sani Abacha since his death last June

But Nigerians ask where the recovered money has gone. They wonder over the anti-corruption credentials of some of those who are now in power

"We're talking about quite staggering amounts," said Apampa. He traces the massive level of corruption to the military government of General Ibrahim Babangida, who left office in 1993. But previous governments were all accused of stealing

Politicians from all three parties have said they would not carry out investigations into past misdeeds if they took over in May. Few believe any elected government would last long if it set out to confront previous rulers, who still wield great influence

However, all parties have promised that, if elected, they would set an example for the country by being more honest and accountable than their predecessors. It is a promise most Nigerians want to see fulfilled before they will believe

"We know we won't succeed if it's a pious attempt at dealing with corruption. There are very few who played by the book," said Apampa. "We don't want witch hunts," he said

"A probe should look at the system and speak to those who took part in it with a view to reviewing it. Perhaps if that was the object, a probe might achieve something" — Reuters

NIGERIAN PRESIDENTIAL CANDIDATES NAMED

Obasanjo tipped to win

CT 16/2/99 (226)

JOS: In an election campaign in which ethnic allegiances and money have played a larger role than political ideology, Nigerians yesterday named their presidential candidates.

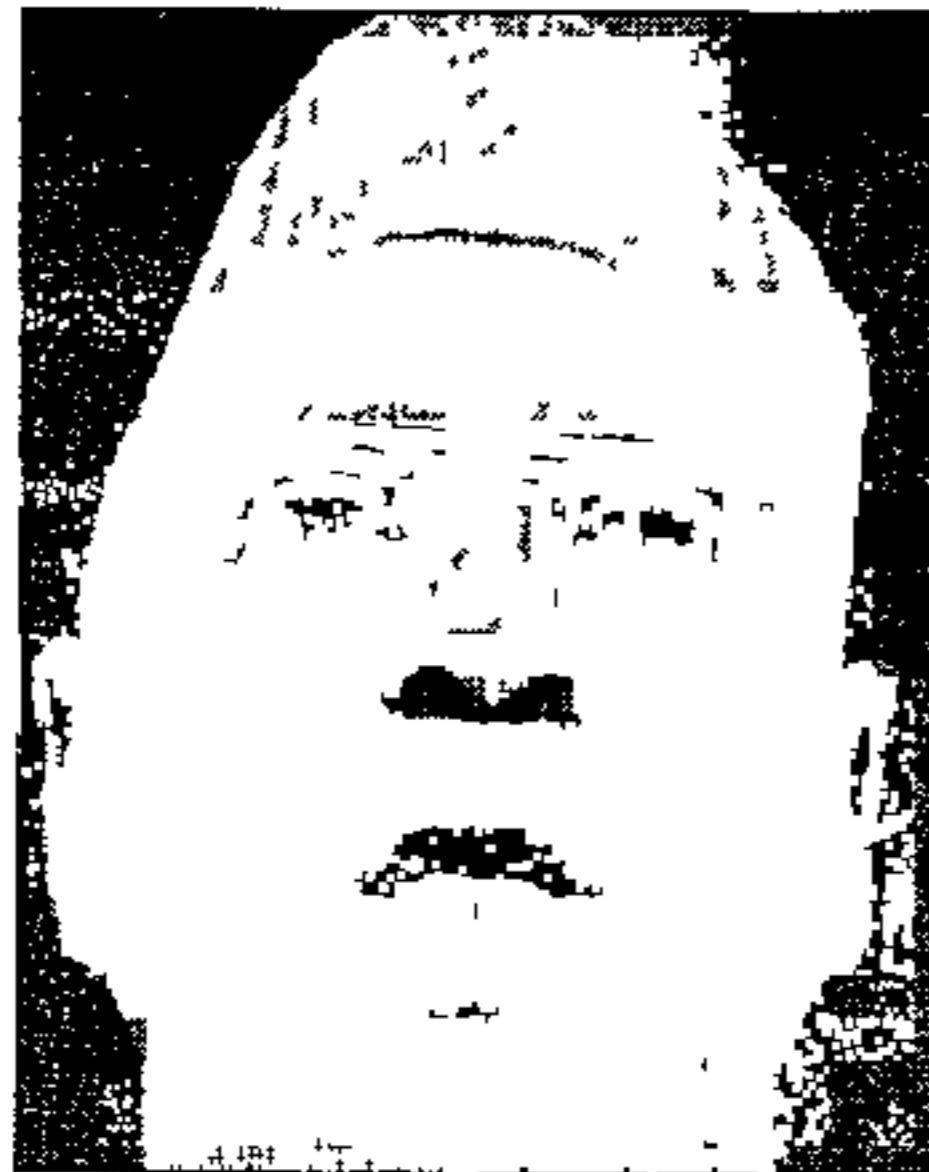
FORMER military ruler General Olusegun Obasanjo won the presidential nomination of Nigeria's Peoples Democratic Party yesterday, becoming the strong front-runner to lead the first elected government in 15 years.

Obasanjo, 61, is the only one of Nigeria's succession of ruling generals to have turned the West African country over to an elected civilian government.

Nigeria is preparing for a return to democracy after present military ruler Abdulsalam Abubakar said he would hand over power to an elected government.

The PDP swept recent local and state elections, so its candidate is strongly placed for the February 27 presidential vote leading to restored civilian rule.

Senior officials of two rival par-



HANDING OVER POWER:
Abdulsalam Abubakar

ties are to meet in Abuja to choose a joint candidate who will challenge Obasanjo.

At the PDP convention in the

town of Jos, Obasanjo won nearly 68% of votes from 2,439 delegates.

"My joy knows no bounds," Obasanjo said in his acceptance speech. "I will devote all my energy and power available to me to the service of Nigeria and humanity."

Standing close behind him was Alex Ekwueme, the former civilian vice-president who came second in the race for the PDP candidacy. Ekwueme served in the government to which Obasanjo handed power in 1979. "This is my party," said Ekwueme, congratulating Obasanjo on his victory and promising his support.

Favourite to stand as joint candidate for the other two parties is former finance minister Olu Falae of the Alliance for Democracy.

His rival, the All Peoples Party's Ogbonnaya Onu, is a little-known former state governor from south-east Nigeria who was foisted by party leaders on unhappy delegates at a chaotic convention which degenerated into fist fights.

Ideology has not been an important factor for any of the parties, which all set out vague plans to improve living standards after 15 years of military misrule.

Much more important are ethnic allegiances and the open use of money which has bedeviled Nigerian politics in the past and given soldiers the excuse for holding on to power for all but 10 years since the country's independence from Britain in 1960.

Obasanjo, an ethnic Yoruba from south-west Nigeria, enjoys the backing of many in the Hausa-speaking north which has dominated Nigeria for decades. He also has the support of many retired and serving military officers.

But many in his home region accuse him of being a stooge of the army and point to the presence of retired generals in the shadows of his vast and expensive campaign as evidence that he will do nothing to pursue those who plundered the treasury. — Reuter

REST OF AFRICA

Obasanjo joins race for Nigerian presidency

Mixed feelings about another ruler who may favour army interests

Diana Games

LAGOS — Former head of state Gen Olusegun Obasanjo was nominated yesterday as a presidential candidate in the Nigerian elections. The move is likely to divide the country, and further discredit the transition in the eyes of Nigerians.

Obasanjo, nominated by the centrist People's Democratic Party, is the third candidate to be named in the presidential elections on February 27. He will stand against Chief Olu Falae of the Alliance for Democracy (AD), concentrated in the southwest, and Ogbannaya Onu of the All People's Party, which represents minorities in the north.

Delegates' rejection of Onu's selection — he was a wild card nominated by the national executive — may scuttle a proposed merger with the AD party. Onu is a weak candi-

date with almost no chance of winning the presidency. Falae, the banker and economist responsible for introducing Nigeria's structural adjustment programme, is likely to end up in a two-man race.

Nigerians greeted Obasanjo's nomination with mixed feelings. The international community, including SA, strongly backs him. Nigerians feel that, as a long-serving career soldier, he is not free from military domination — and will perpetuate army interests.

Former vice-president Alex Ekwueme, who brought the party a substantial vote from the east, opposed him in primary elections. Observers say Ekwueme's defeat is likely to have positive spinoffs because the party is likely to lose the vote from the east as votes for the party will now be divided.

Easterners are not likely to vote

for anyone who represents the ruling north, and with it the military.

The AD has its support base in the southwest. This is Obasanjo's home area, but he has no support there. His party failed even to win his ward in municipal elections.

Obasanjo, jailed by former military ruler Gen Sani Abacha in 1995 for an alleged coup plot, was released last year, and pardoned. Many held with him are still in jail. Those released were not pardoned, and may not hold political office.

Obasanjo was deputy to former ruler Gen Murtala Muhammed, slain in 1976. He gained respect as the only military leader to yield power to an elected government when, in 1979, he handed power to Shehu Shagari, also a northerner. Many Nigerians say this respect is misplaced because his northern "masters" made him hand over.

(226)

BD 16/2/99

Obasanjo to lead party in Nigerian election

Star 16/2/99 (226)

Former military head of state and an ex-finance minister are the main contenders for an elected president

SAPA-AFP
Abuja

Two former political prisoners, one a former military ruler and the other a former finance minister, looked set yesterday to battle for the presidency of Nigeria in a vote due at the end of this month

Up to 40 million Nigerians will vote next weekend for a two-chamber parliament, and then head back to the polls a week later to elect a president

After retired general Olusegun Obasanjo was named yesterday as candidate of the People's Democratic Party, leaders of the two other registered parties met in Abuja to name a joint candidate, expected to be former finance minister Olu Falae

Independent from Britain since 1960, Nigeria has been ruled by military regimes for all but four years since a first military coup in 1966

The way to elections was opened in June last year with



Olusegun Obasanjo

the death of dictator General Sani Abacha. His successor, General Abdulsalamu Abubakar, ordered polls to culminate in the presidential election on February 27, and a transfer of power on May 29

Yesterday, the joint selection committee of the south-west-based Alliance for Democracy (AD) and the right-wing All People's Party (APP) were to thrash out a decision on a common candidate, AD na-

tional secretary Udentia Udentia said

Falae is already a candidate of the AD in the election and is expected also to represent the APP under a new deal recently worked out between the parties and election organisers, although this was still to be confirmed yesterday

The parties have agreed to present just one candidate for president, with the other party presenting the running mate, Udentia said

The man who ran Nigeria from 1976 to 1979, Obasanjo, after leaving power, became a critic of subsequent military regimes and in 1995 was jailed by Abacha on charges of coup-plotting

In January 1997, Falae, a civil servant and a finance minister under Abacha's predecessor, General Ibrahim Babangida, was also jailed, on charges of involvement in bombings.

Both were released after Abacha died last year.

NIGERIA *Hopes rise of economic revival, but many exiles remain wary*

(226) ET (BR) 17/2/99

Poll may draw expatriates home

JAMES JUKWEY

London — If this month's Nigerian elections succeed in restoring democracy to Africa's sleeping giant, many of its citizens abroad could begin to consider returning home

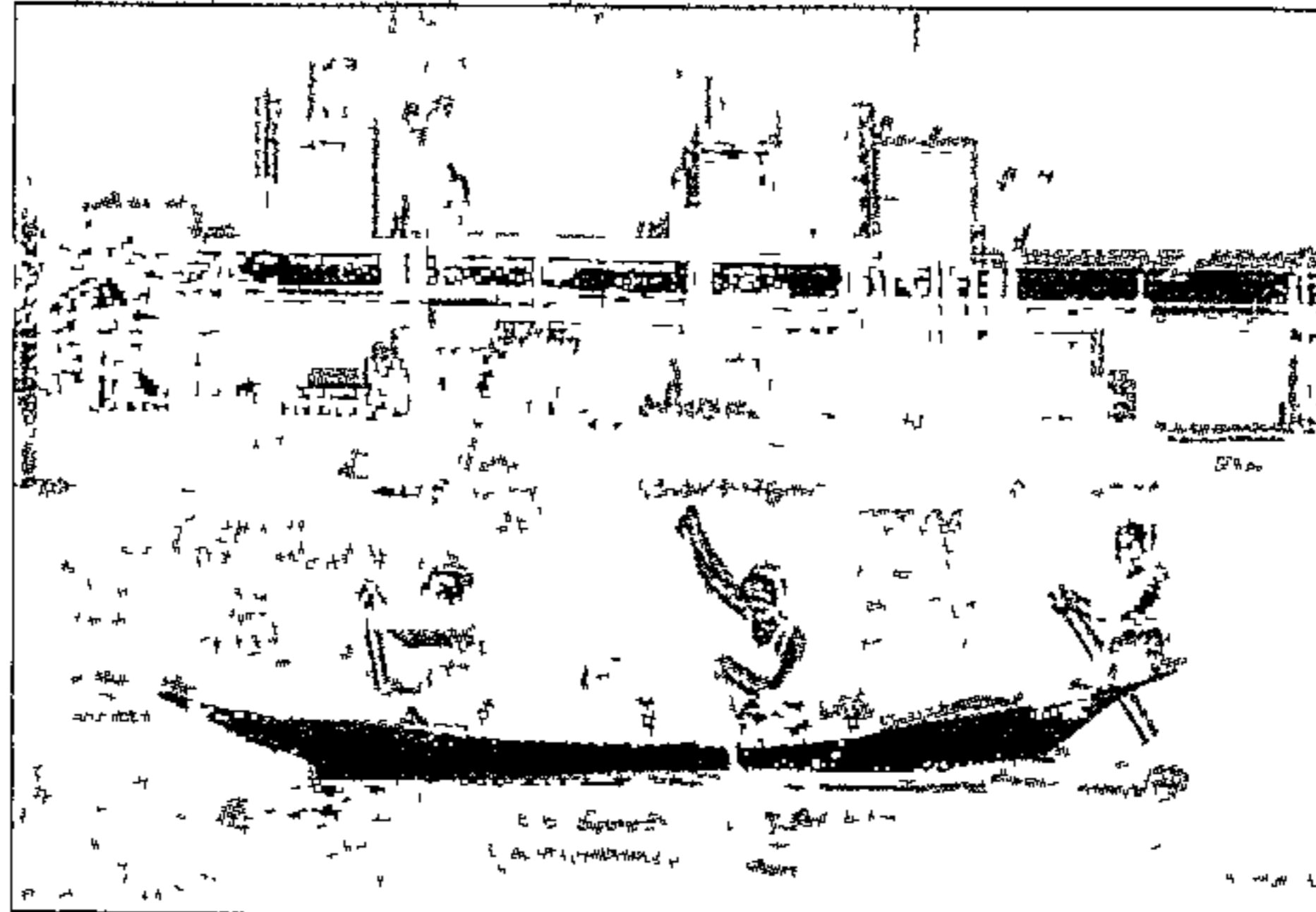
A majority are deemed to be economic refugees driven away by years of mismanagement of the country's oil income by successive military rulers

The result has been swelling the ranks of Nigerian cab drivers in the US, contract cleaners in Europe and doctors and nurses in Middle Eastern countries

"Nigerians don't need to be persuaded to return home if the situation changes," says Ignitius Ozoilo, who heads Nation-in-Transition, a non-governmental group monitoring the country's democracy programme

The group is based in Amsterdam, home to probably the largest number of Nigerians in Europe after London

"The exodus of Nigerians to Western countries is a late 1990s phenomenon, mostly linked to economic crisis at



IN THE FLOW Women paddle yesterday past the Odidi oil flow station in the Niger River delta, an area of harsh poverty

home," Ozoilo said

But not all Nigerians abroad are refugees. The incoming government would need pragmatic policies to win them over

"There are Nigerians doing so well that any new government should restore dual citizenship in the constitution to claw back this group," said Eddie Iroh, a leading Nigerian journalist based in London

Nigerian groups reckon there are anywhere from 3 to 5 million of their compatriots abroad. They remitted about \$1 billion home last year

Foreign investment dried up from the mid-1990s, when Nigeria became a pariah nation after the military aborted the final lap of a transition to democracy

Like Iroh, many Nigerians living overseas are now wary

about the future

"There are reasons to be cautiously optimistic, relative to where we are coming from, but there are danger signals," said Abdul Raufu Mustapha, a lecturer in African politics at Oxford

"What worries me is the politicians," he said

Some Nigerians living abroad are also worried that there hasn't been a debate by prospective presidents to spell out their plans on crucial issues such as corruption, revenue and power sharing

A revenue allocation formula which gives most of the nation's oil income to the central government to the detriment of oil-producing states has been responsible for unrest in oil regions in the last year

Most Nigerians believe, however, that a successful transition to civil rule will attract Western money, International Monetary Fund support and other foreign investments

"There is goodwill for Nigeria abroad and our pariah status should formally end if the vote goes well," said Iroh — Reuters

Obasanjo pledged he would never attempt a comeback

BD 1712199 (22b)

LAGOS — A retired general and the only Nigerian military leader to hand over power to an elected civilian, Gen Olusegun Obasanjo, was a political prisoner for three years.

His chequered career took a turn on Monday when he won the presidential nomination of Nigeria's most prominent political party, the People's Democratic Party. He is now a strong contender to win the presidential election on February 27 as Nigeria makes its latest attempt at transition from military to civilian rule. The two rival parties in the vote are split by squabbles.

Jailed from 1995 until last June by the late junta dictator, Gen Sani Abacha, after an alleged coup plot, Obasanjo draws much of his support from the Muslim-dominated north, where the long-ruling military is deeply rooted.

Internationally, his friends include former US president, Jimmy Carter, President Nelson Mandela and Nobel literature prize laureate Nadine Gordimer. Nevertheless, this son of a middle class Lagos Baptist family is distrusted by many

in mainly Christian southern Nigeria.

"Obasanjo cannot be said to be a democrat," said southern Nigerian writer Azu Azuatu. "Military men in Nigeria never change."

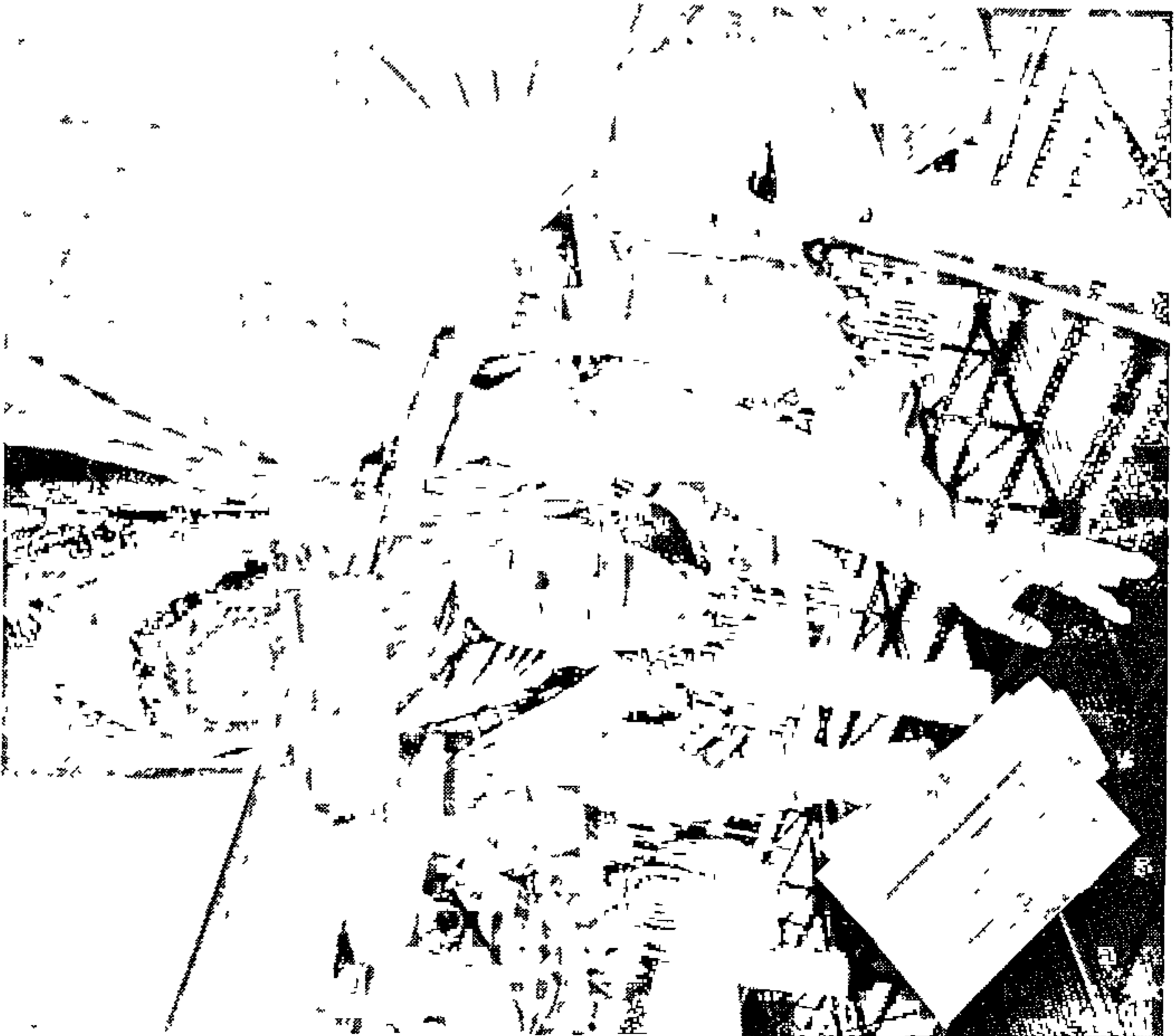
Human rights activists say his campaign dilutes the transfer of power to civilians. Obasanjo's message is vague. He offers little on policy.

Eager to portray himself as an elder statesman, who has left the military behind, he shies from criticising old comrades, widely blamed for poverty, corruption and ethnic divisions. He recently said "The military should not be pampered, but the military should not be bashed."

Nigeria's local press is mindful of Obasanjo's days in power when he cracked down on local newspapers and magazines, sometimes banning entire editions.

Journalists remember his promise soon after he gave up power in 1979 — that he would never try to stage a political comeback — Sapa-AP

No clear answers; Page 15



The national chairman of the People's Democratic Party, Solomon Lar, left, raises the hand of Olusegun Obasanjo, centre, in Jos, Nigeria. Obasanjo was named the party's nominee to stand for president later this month.

Picture AP

As Nigerians head for the polls there are no clear answers

Despite progress on presidential elections, people do not know what to make of the latest moves to democracy, writes features editor **Dianna Games** in Lagos

ONE thing is absolutely clear about the elections in Nigeria — there is very little clarity on the issues that actually count.

With two elections complete and two to go — the house of assembly and senate elections in the next fortnight — people are still in the dark about some of the fundamental issues. These include what kind of transition this actually is, what the constitution will look like, what kind of political system they will live under, what practical plans the political parties have to rule the country and how the military, or at least the north, will keep its hand on the tiller of power.

These are not easy questions and the fact that there are no clear answers only two weeks before the election process is complete does not bode well for the transition.

This emerged at the SA-Nigeria conference in Lagos at the weekend, when representatives of civil society from both countries gathered to discuss issues ranging from military rule, ethnic identity, labour and the economy to gender and the environment. Delegates to the conference, arranged by the Foundation for Global Dialogue, discussed issues in common and of interest to the two countries. It highlighted how far apart the two continental giants are.

While SA had a protracted phase of thrashing out a new constitution before its first democratic elections, Nigeria is set to start its latest post-military phase with no clarity on the constitution. It is conducting elections by military decree while discussions are under way on whether to use the

constitution drawn up in 1979 by a civilian government but violated by subsequent military decrees, or the 1995 constitution drawn up by former military ruler Gen Sani Abacha behind closed doors.

In essence, the nation is voting for representatives to a governmental system which has not yet been decided, lending support to a programme that does afford it any opportunity to see what protection and freedom it will gain from it.

While the African National Congress had a strong democratic tradition and wide grassroots support for decades before its ascent to power, the three parties competing in the current Nigerian elections appear to be hastily convened and cobbled together.

They have no historical unity or grassroots support, are a divisive force in an already divided country, and do not have the full trust of the people who are expected to vote for them.

While opposition politics is a feature of government in SA, Nigeria, after decades of dictatorship, has no real history of opposition politics. Parties have been formed for the few elections Nigeria has had, only to be disbanded when the military has resumed power. Even now there is no clarity, without a constitution, on issues such as proportional representation in a country far more used to the "winner takes all" approach.

SA has benefited from strong leadership, an essential ingredient in successful transitions, while Nigeria knows little more than a succession of dictators. The new crop of candidates does not bode for better times.

BD 17/12/99

Not only is the country divided over them on ethnic lines, the most dominant party in the elections so far — the People's Democratic Party — has been seriously divided within itself over its candidates. Two of the parties chose their candidates only at the weekend, a mere two weeks before the presidential election. Campaigning so far has been largely limited to selling themselves to the party, rather than the country.

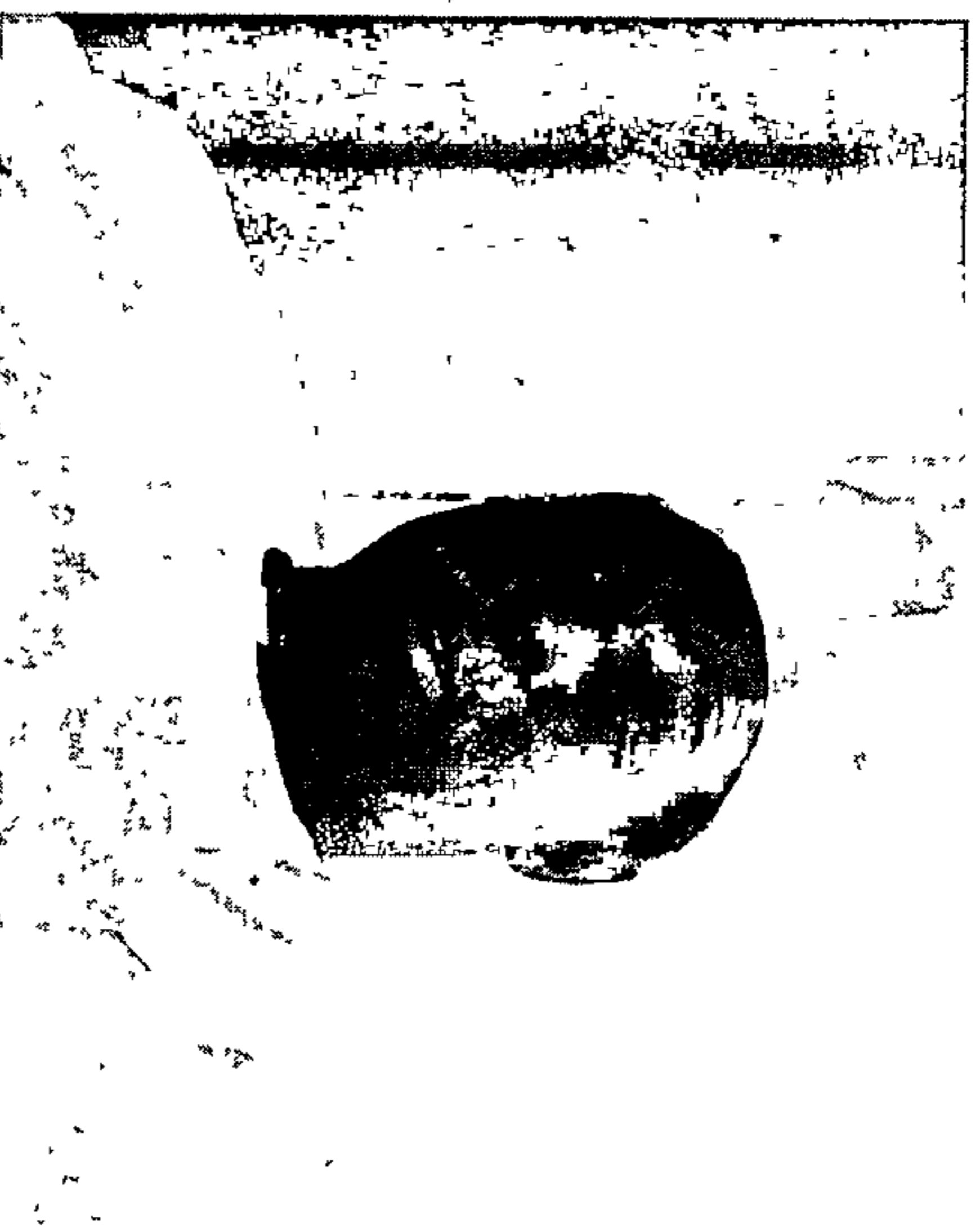
It is difficult not to think of this as another situation in which power is without responsibility. SA had a lengthy period in which to prepare for its first democratic election. Nigeria's transition will have taken less than a year from inception to handover despite the fact that Gen Abdulsalamu Abubakar has begun smoothing the path by abolishing many of his predecessors' mechanisms.

The labour movement was part of the transition process in SA, in Nigeria it was smashed under Abacha.

Still, both elections have one distinctive similarity — the world wants an outcome and will do anything to make sure it gets the result it desires.

It is a fair guess that this election will be declared free and fair even though the parties have reported some serious irregularities. There is "international fatigue" about Nigeria and military rule. So there must be an outcome to move the country forward.

On the basis of this new investment has begun flowing into the country, and debt rescheduling is back on the agenda. SA, too, has thrown its weight behind the process. Since Abubakar took charge, it has not



Gen Olusegun Obasanjo, the People's Democratic Party's presidential nominee, is considered the frontrunner in Nigeria's elections

been far from Nigeria's side. There are a lot of advantages to this relationship between two countries which, between them, account for about 80% of Africa's GDP.

Both have leadership qualities and power unequalled in their respective corners of the continent which could be used to marshal forces to solve problems both diplomatically and militarily. SA's strength is the former, ineffective as it has been in some cases to date, while Nigeria has proved that despite its internal chaos it knows a thing or two about peace enforcement.

In order to ensure African solutions to African problems, there needs to be an alliance of powerful states in the absence of any effective political and diplomatic involvement from outside Africa.

The fact that SA and Nigeria are competing for a permanent seat on the United Na-

tions security council should not be divisive if responsible government is maintained in both countries. It will contribute to greater strength in fighting Africa's problems through organisations such as the UN, World Trade Organisation and Organisation of African Unity. However, the show is not yet over. The fact that Nigeria's strongest contender for power is a retired military man with strong links to the military-dominated north, which has ruled the country for most of its years since independence in 1960, may yet test the transition envisaged for Nigeria.

It will be some time before the real outcome of the elections is known, so SA would be wise to use its experience to encourage the transition while ensuring it is not backing the wrong horse in its haste to see an outcome in what many Nigerians feel is a purely cosmetic exercise.

'NO BUSINESS WITH POVERTY'

Obasanjo pledges better life

(aab) CT 19/2/99

LAGOS: Despite his military past, Olusegun Obasanjo is way ahead of his rival Chief Olu Falae in the race for the presidency of Nigeria. **MATHATHA TSEDU** of the Independent Foreign Service reports.

NIGERIAN presidential hopeful and former military ruler Olusegun Obasanjo has promised a programme of reconstruction for Africa's most populous state, and said the programme would be based on justice and equity for all

Fresh from a resounding victory in the People's Democratic Party (PDP) primary convention at the weekend, Obasanjo said Nigeria had "no business with poverty"

He promised that with the country's human and material resources "we shall strive to eradicate poverty from our country. Nigerians should, in the next four years, be assured of at least the basic necessities of life"

As Obasanjo spoke to the party faithful in Jos, the challenge that awaits the new president was starkly obvious in the streets of cities, especially Lagos

Queues more than a kilometre long have formed outside petrol filling stations as a strike by petrol tanker drivers and an absence of any reserve stock is seeing transport grind to a halt in the most populous city of the nation

Army trucks, police cars and the ramshackle vehicles that pass for taxis stand idle, cheek-by-jowl in long queues in an equality of sorts with Mercs and four-wheel drives as all bear the brunt of the shortage

Workers stand in long queues of their own as they wait for dwindling numbers of buses and taxis

Fares on both buses and taxis have shot up, as those able to buy petrol in some form of illegal market have to fork out more for less, and pass the heavy burden to commuters

Nigeria is one of Africa's biggest exporters of crude oil as its own refineries are unable to cope with local demand. Thus, most of the petrol used in Nigeria is imported

The structures of government are in disarray and infrastructure is crumbling

Open sewage flows within the city limits, while roads are in desperate need of repair

Electricity supply is cut as often as five or more times a day, resulting in many institutions maintaining their own generators on premises

The breakdown of services is so bad that the American and British embassies have their own ambulances to ferry their sick and injured to hospitals

Thirty-eight years after independence, Nigeria seems to have retrogressed into a primitive status of development, and many here have lost hope of the situation ever improving

The corruption of the civil service, and of the executive under both military and civilian rule, has left people so disillusioned as not to believe the present transition will herald anything new

It is in this milieu that Obasanjo is hoping to be thrust to lead, and to which he is speaking of eradicating poverty

Obasanjo, who led Nigeria as an army general and handed to civilian rule in 1979, said the challenge ahead for him if he wins the presidency was to "pick up from where we stopped in 1979 and forge ahead"

"In this second coming, we will relay the foundation of the norms and standards of democratic practices, good governance and ethical behaviour in our public life," Obasanjo said

He said his government would be "honest, just, transparent, dedicated and courageous" and promised special attention to the youth and women

He also promised the international community that a "conducive environment would be created for profitable participation in our economy"

His would be a government based on the legacy of his past tenure, he said. This had been based on a programme that saw

- A nation with purpose,
- A workable constitution,
- A military institution with honour and professionalism,
- A healthy economy with robust reserves in which the local currency, the Naira, was equal to two US dollars (The rate today is about 90 Naira for one dollar),
- A conviction that a government can honour its commitments,
- An independent and courageous judiciary, a nation that commanded international respect,
- One in which each citizen had hope and a chance for self-fulfillment, and
- A democratic federal structure

Obasanjo said he had been able to do it before, "and we can do it even better now. We no doubt have the resources to do so. What has been missing is leadership commitment"

It is that leadership to which he

'... we will relay the foundations of the norms and standards of democratic practices ...'



HOPEFUL The chairman of the People's Democratic Party (PDP), Soloman Lar (left), raises the hand of Olusegun Obasanjo (centre) in Jos. Obasanjo was named the PDP nominee to stand in the upcoming presidential election. **PICTURE: AP**

enters battle this week for the February 27 elections, culminating in a handover from the military ruler General Abdulsalami Abubakar on May 29

But his candidacy is dogged by his military past, with many arguing that his presence in state house would mean a continuation of military rule

He spoke about this in the same speech, saying it was not a curse "to have chosen a profession with the potential for supreme sacrifice for one's nation"

Much of the debate has sought, perhaps understandably, to feed on the feeling of frustration and despair experienced under recent military regimes

"Nevertheless, I am happy that by my nomination today as the PDP flag-bearer we will have buried the illogical polarisation of the nation into soldiers and non-soldiers

"It would have been a great disservice to the cause of democracy

to create the impression among serving officers and men that a future role in politics as civilians was foreclosed for them by an argument unsupported by the constitution," Obasanjo said

Obasanjo is seen here as way ahead of his rival, Chief Olu Falae, who has been nominated as a presidential candidate for the alliance

between the All People's Party and the Alliance for Democracy

This alliance sees itself as the only antidote to "militarised democracy", a reference to Obasanjo's past

However, observers here say

what Nigeria needs today is a leader with international stature, with enough experience of government to deal with the pressing economic and social problems, but also with sufficient understanding of the sensitivities of dealing with an army that may not share the clamour to return them to the barracks

That man is seen as Olusegun Obasanjo

'We can do it even better now. What has been missing is leadership commitment.'

All eyes on Nigeria's presidential elections

CT 19/2/99

(226)

MATHATHA TSEDU
INDEPENDENT FOREIGN SERVICE

LAGOS: The presidential election is in danger of becoming a one-horse race after a row broke out among candidates hoping to challenge front-runner General Olusegun Abasanjo

Meanwhile, signalling Nigeria's continuing return to the world community from pariah status, a 23-member Commonwealth observer group led by Botswana's former president, Ketumile Masire, has been deployed ahead of Saturday's national assembly polls elections to end military rule, the group said in a statement

Nigeria was suspended from the Commonwealth in 1995 for human rights abuses and lack of democracy. Relations have improved dramatically since the death of dictator Sani Abacha last June and his replacement by General Abdulsalam Abubakar, who has promised to step down to make way for the winner of the presidential election on May 29

Several other foreign observers are already in the country, such as former US president Jimmy Carter, former Niger president Mahmane Ousmane and former US chairman of Joint Chiefs of Staff General Colin Powell. South African Truth Commission chairman, Archbishop Desmond Tutu, is also expected to arrive next week

Saturday will see the election of 109 senators and over 500 members of the lower house, but they are all but ignored as all eyes are on the presidential elections, of which the first round will be held on February 27. Posters on the walls and street corners exhort the Nigerian population to vote for presidential candidates and very little is said about the two elections

The media focus is on a row that in the All People's Party over its presidential hopefuls. Dr Ogbanaya Onu was chosen as the presidential candidate for the All People's Party at a convention at the weekend. But the party has since gone into an

alliance with the Alliance for Democracy (AD), and the two parties have fielded an AD candidate, Chief Olu Falae, as their joint presidential candidate.

Onu, backed by governors aligned to the APP, has come out fighting, insisting that he was the rightful candidate and was still in the race. The national chairman of the APP, Alhaji Mahmud Waziri has been at pains explaining that Onu's protestations were irrelevant as Falae was the agreed to candidate for the alliance

The alliance also announced its presidential running mate, Alhaji Umaru Shinkafi. Observers here say Onu's actions were a result of being ignored for the vice presidency of the alliance

As the alliance battled to do damage control yesterday, Obasanjo, behaving more and more like a president in waiting, met with labour leaders of the Nigerian Labour Council at Abuja, an appointment that the alliance had missed. They later sent Waziri to meet with the union leaders

NLC president Adams Oshiomhole, chastised the alliance, saying "A situation where your presidential candidate talks to us through proxies is unacceptable to organised labour". He said the forum to meet with political leaders was an attempt by the unions to "be innovative in fashioning out appropriate trade union roles in the unfolding political process"

The alliance is seen as the lesser of two evils by those firmly set against semblance of military rule continuing through Obasanjo, and the labour movement, which has been decimated by previous military regimes, is an important ally, but the heckling that has been going within the alliance each day has reduced them to a laughing stock

This weekend's elections, which follow on the December local government elections and the state governors elections early this year, remain important components of the package designed to ease the military out of political office

REST OF AFRICA

Battle for Nigerian (226) presidency heats up

BD 19/2/99

Opposition candidate Obasanjo could rue missing major debate

Dianna Games

ABUJA — Nigerian presidential candidate Chief Olu Falae received an unexpected boost to his campaign on Wednesday night when opposing candidate Gen Olusegun Obasanjo failed to arrive for a debate.

Obasanjo's aides claimed firstly that he had not been invited to the well-publicised debate and later that they believed it had been postponed.

Falae, an economist and the joint presidential candidate for two of the three parties fighting the election — the All People's Party (APP) and the Alliance for Democracy — took advantage of the occasion to spell out his plans for the country.

He promised to take steps, including talks with the Paris Club for relief over Nigeria's estimated \$31bn external debt, to turn around the stricken economy. This could boost the currency, which is at about 80 naira to the dollar.

He also promised further liberalisation of the economy.

Former military ruler Obasanjo is the People's Democratic Party presidential candidate. Earlier on Wednesday he told a news conference that, if elected, he would set up an agency to fight corruption — mandated to "seek, search and recover property acquired illegally" — and a tribunal to try corruption cases.

He said its mandate would include exposing corruption by top government officials. However, Obasanjo's detractors believe his candidacy is favoured by the military as they do not believe he will probe corruption at top levels of the current military government.

Obasanjo said he would study the institutions SA had created for fighting corruption and adapt their ideas for Nigeria's purposes. Obasanjo visited SA late last year.

He pledged to encourage foreign investment by providing attractive conditions for investment. However, he was more cautious on privatisation, saying it was unwise to privatise too many social services such as

water provision. He also promised to tackle the fuel shortage that is crippling the country.

Both candidates this week announced their running mates. Obasanjo named Abubakar Otiku from the northeast, while Falae, who is with the Alliance for Democracy, named Umaru Shinkafi from alliance partner APP, as his running mate. Shinkafi is from the northwest.

The east has been marginalised so far in the running for top posts. The APP's original presidential candidate for the east, Oghonnaya Onu, was sidelined by this week's election pact, while another prominent eastern politician, Alex Ekwueme, lost to Obasanjo in the party nominations for president.

Meanwhile, the military government issued decrees authorising this weekend's national assembly elections and next weekend's presidential elections. The results of the national assembly elections will be a prime indicator of how the presidential election will turn out.

Nigeria looking for a way out of Sierra Leone troubles

(226)

By FRANCIS-KAVIER MARISPE
Lagos

The future of Nigeria's involvement in Sierra Leone appears more in doubt than ever after this month's presidential candidates both promised to withdraw their troops if elected.

The cost - both human and financial - of Nigeria's leadership of the west African intervention force, Ecomog, in Sierra Leone is rising, and has attracted stinging criticism in the Nigerian press in recent weeks.

Reacting, Olusegun Obasanjo, a

former military ruler and now presidential candidate of the centre-left People's Democratic Party said earlier this week that he considered the Ecomog mission a waste of Nigeria's overstretched resources.

Speaking to reporters in Abuja he said, "I wonder what we are doing in Sierra Leone and Liberia when Nigeria is peaceful and, after all, the nation's wealth is being wasted."

"The amount we are wasting in peacekeeping in another country is enough to provide infrastructure in this country," he added.

Obasanjo, who gave no time-frame for any Nigerian withdrawal,

was speaking after his opponent in the race for the February 27 elections, former finance minister Olufemi Falae, said in a series of interviews that he would pull out troops within a year of assuming office.

Speaking earlier this month, Falae said he could not "envisage a situation where Nigerian troops would remain in Sierra Leone a year after I have become president."

"We have been there for quite some time, and the resources we are pouring into that place can be better utilised to alleviate poverty in our own country."

In Nigeria, where poverty is



Waste of time' Obasanjo

GEORGE ESIRU/REUTERS

entrenched, and infrastructure crumbling, there is little support for the Sierra Leone mission, but diplomats note that it will not be easy for Nigerian leaders to pull out its troops without causing an immediate flare-up in fighting, something that would embarrass a country still seeking to project an image of leadership in the west African region.

Nigeria, with a population put officially at 109 million, accounts for just over half the total population of west Africa and, since the creation of the west African regional group Ecomog in 1975, has led regional affairs

Anxious to shore up an ally, Nigeria's then military ruler General Ibrahim Babangida in 1990 sent his forces into Liberia to battle for President Samuel Doe against an insurgency led by warlord Charles Taylor.

After seven years, Doe was dead and Taylor was the elected president, but the idea of a west African intervention force had arrived. When rebels in Sierra Leone, allegedly backed by Taylor, overthrew President Ahmed Tejan Kabbah in 1997, Nigeria sent in Ecomog to restore him to power and has since provided the force holding the rebels at bay.

Now, however, the force is under criticism at the UN, accused of summary executions of rebels, and the costs - put at \$1-million a day (about \$6.1-million) by Sierra Leone - are increasingly difficult for a cash-strapped nation to bear.

Nigeria's economy is based on oil, and oil prices have collapsed to around \$10 a barrel this year, slashing government income by millions. Reacting, Nigeria has increased pressure on Kabbah to negotiate with the rebels and appealed to the international community to boost its currently token financial assistance to the mission. - Sapa-APF

Obasanjo spells out his

stan 19/2/99

In a country riddled with corruption and with a crumbling infrastructure, the former military ruler faces a daunting challenge, writes **Mathatha Tsedu** from Lagos.

Nigerian presidential hopeful and former military ruler General Olusegun Obasanjo, has promised a programme of reconstruction for Africa's most populous state, and said the programme would be predicated on justice and equity for all.

Fresh from a resounding victory in the People's Democratic Party (PDP) primary convention at the weekend, Obasanjo said Nigeria had "no business with poverty". He promised that with the country's human and material resources "we shall strive to eradicate poverty from our country. Nigerians should, in the next four years, be assured of at least the basic necessities of life".

As Obasanjo spoke to the party faithful in Jos, the challenge that awaits the new president was starkly obvious in the streets of cities, especially Lagos. Queues more than a kilometre long have formed outside petrol filling stations as a strike by petrol tanker drivers and an absence of any reserve stock, is forcing transport to grind to a halt in the most populous city of the nation.

Army trucks, police vehicles and the ramshackle kombis that pass for taxis, stand idle cheek by-jowl in long queues in an equality of sorts with Mercs and four-wheel drives as all bear the brunt of the shortage. Workers stand in long queues of their own as they wait for dwindling buses and taxis. Fares on both buses and taxis have shot up, as those able to buy petrol in some form of illegal market have to fork out more for less, and pass the heavy burden on to commuters.

Nigeria is one of Africa's biggest exporters of crude oil as its own refineries are unable to cope with local demand. Thus, most of the petrol used in Nigeria is imported.

The structures of government are in virtual disarray and infrastructure is crumbling. Open sewage flows within the city limits, while roads are in desperate need of repairs. Electricity supply is cut as often as five or more times in one day, resulting in many institutions maintaining their own generators on premises.

The breakdown of services is so bad that embassies such as those of the US and Britain have their own ambulances to ferry their sick and injured to hospitals. Thirty eight years after independence, Nigeria seems to have regressed into a virtual primitive status of development, and many here have lost hope of the situation ever improving. The corruption in the civil service, and of the executive under both military and civilian rule, has left people so disillusioned, as not to believe the present transition will herald anything new.

It is in this milieu that Obasanjo is hoping to be thrust to lead, and to which he is speaking of eradicating poverty. Obasanjo, who led Nigeria as an army general and handed government back to civilian rule in 1979, said the challenge for him - if he wins the presidency - would be to "pick up from where we stopped in 1979 and forge ahead



"In this second coming, we will relay the foundation of the norms and standards of democratic practices, good governance and ethical behaviour in our public life." He said his government would be "honest, just, transparent, dedicated and courageous" and promised special attention to the youth and women.

He also promised the international community that a "conducive environment would be created for profitable participation in our economy". His, he said, would be a government based on the legacy of his past tenure. This had been based on a programme that saw

- A nation with a purpose,
- A workable constitution,
- A military institution with honour and professionalism,
- A healthy economy with robust reserves

in which the local currency, the naira, was equal to two US dollars (The rate today is about 90 naira for one dollar).

- A conviction that a government can honour its commitments,
- An independent and courageous judiciary, a nation that commanded international respect;
- One in which each citizen had hope and a chance for self-fulfilment, and
- A democratic federal structure

Obasanjo said he had been able to do it before, "and we can do it even better now. We no doubt have the resources to do so. What has been lacking is leadership commitment", he said.

It is that leadership to which he enters battle this week for the February 27 elections, culminating in a handover from General Abdulsalam Abubakar on May 29.

But his candidacy is dogged past, with many arguing "to win a seat in State House would mean a return to military rule."

He addressed this in his speech. It was not a curse "to be afflicted with the potential for one's nation. It has sought, perhaps, to feed on the feeling of despair experienced under military rule."

"Nevertheless, I am nominated today as the best person we will have buried the tradition of the nation into soldiers. It would have been a to the cause of democracy. My expression among serving that a future role in the was foreclosed for them."

out his vision

19/2/99

(226)

structure, the former military ruler promises to revive
ies **Mathatha Tsedu** from Lagos

GEORGE ESIRI/REUTERS

**On track ...
Nigerian
children on train
tracks near the
station in the
central town of
Jos wander past
election posters
for presidential-
hopeful General
Olusegun
Obasanjo.**



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But his candidacy is dogged by his military past, with many arguing that his presence in State House would mean a continuation of military rule
He addressed this in his speech, saying it was not a curse "to have chosen a profession with the potential for supreme sacrifice for one's nation. Much of the debate has sought, perhaps understandably, to feed on the feeling of frustration and despair experienced under military regimes
"Nevertheless, I am happy that by my nomination today as the PDP flag-bearer, we will have buried the illogical polarisation of the nation into soldiers and non-soldiers. It would have been a great disservice to the cause of democracy to create the impression among serving officers and men that a future role in politics, as civilians was foreclosed for them by an argument

unsupported by the constitution," Obasanjo said.
Obasanjo is seen here as way ahead of his rival, Chief Olu Falae, who has been nominated as a presidential candidate for both the All People's Party and the Alliance for Democracy. This alliance sees itself as an antidote to "militarised democracy"
Observers, however, say what Nigeria needs today is a leader with international stature, with enough experience of government to deal with the pressing economic and social problems but also with sufficient understanding of the sensitivities of dealing with an army that may not share the clamour to return them to the barracks
That man is seen as Olusegun Obasanjo - Star Foreign Service

Ecomog must 'punish rogue peacekeepers'

By **EVELYN LEOPOLD**
United Nations

The UN representative for children in war zones appealed to Sierra Leone's rebel leaders this week to stop murdering, raping and maiming civilians if they wanted a political future in the country

Olara Otunnu also told a news conference that the Nigerian-led West African intervention force known as Ecomog should punish those of its troops responsible for atrocities following a UN report accusing them of executing hospital patients suspected of being rebels

He said about 100 peacekeepers were being detained and interrogated following the report, but had no further details.

But Otunnu said he had observed the Nigerian forces behaving generally in an "exemplary manner" toward civilians. He said they desperately needed financial and logistic help to continue their work.

Unicef, the UN Children's Fund, reported that Nigerian and other West African troops had been handing over captured child rebel soldiers to its officials for medical treatment and other care.

Nils Kastberg, director of Unicef's emergency programmes, said the children were then sent to local relief groups. "We try to ensure medical care, tracing their families as soon as possible."

Nigeria, which is spending about \$1-million a day, has said it might pull its 12,000 troops out of Sierra Leone, the bulk of the 15,000 Ecomog force. As a result, elected President Ahmed Tejan Kabbah is being pressured to negotiate with Foday Sankoh, leader of the rebel Revolutionary United Front, currently in jail and sentenced to death for treason.

"I appeal to the leadership of Ecomog, who have much at stake, to rein in their men and ensure there is maximum discipline and that those who may have committed excesses are brought to book and are punished," Otunnu said.

He said he wanted Sankoh to know that, "if he wanted to have any political claim in the context of Sierra Leone, to immediately order the cessation of these activities."

The RUF and its allies, who want to overthrow Kabbah, are responsible for widespread brutality, marked by chopping off peoples' limbs, rape, murder and forcing children to participate in the killings.

The Nigerians and a rag-tag Sierra Leone civilian defence militia, called the Kamajors, are accused of abuses on a far smaller scale, including killing children.

The Security Council has dealt with Sierra Leone regularly, but has not come up with any solution, although individual members, such as the United States, have sent money and other aid to Ecomog.

Otunnu plans to travel to Rwanda, Burundi and Sudan between February 21 and March 2. In Rwanda, he said he wanted to visit children in jail on accusations of participating in the country's 1994 genocide.

In Burundi he plans to discuss the increasing targeting of civilians in the country's civil war and ensure that the protection of children is incorporated into peace agreements currently being negotiated in Arusha, Tanzania - Reuters

Nigerians on track for

By MATHATHA TSEDU
and HANS PIENAAR
INDEPENDENT FOREIGN SERVICE

Presidential election almost a one-horse race as Obasanjo's main rivals are

Nigeria's planned return to democracy is steaming on, despite encountering rough waters this week

On the upside, signalling Nigeria's continuing return to the world community from pariah status, a 23-member Commonwealth observer group led by Botswana's former president, Ketumile Masire, was deployed this week

On the downside, next Saturday's presidential election has become virtually a one-horse race as candidates opposing frontrunner General Olusegun Obasanjo squabble among

themselves, a leading party has asked for the poll to be postponed, and a prominent leader among the country's Muslims, who make up 45% of the population, has rejected the entire exercise as irrelevant

Today's parliamentary election has so far been virtually ignored. It will see the election of 109 senators and over 500 members of the lower house, but all eyes are on the presidential elections next Saturday. Posters on walls and street corners exhort the Nigerian population to vote for presidential candidates, and very little has been said about the parliamentary election

The media focus has been on a dispute in the All People's Party over its presidential hopefuls. Dr Ogbanya Onu was chosen as the presidential candidate for the All People's Party at a convention last weekend

But the party has since gone into an alliance with the Alliance for Democracy (AD), and the two parties have fielded an AD candidate, Chief Olu Falae, as their joint presidential candidate

Onu, backed by governors aligned to the All People's Party, has come out fighting, insisting he was the rightful candidate and was still in the race. The alliance also announced

its presidential running mate, Alhaji Umaru Shunkaifi, and observers say Onu's actions were the result of being ignored for this position

As the alliance battled with damage control, Obasanjo was behaving more like a president-in-waiting, meeting with labour leaders of the Nigerian Labour Council in Abuja on Tuesday - an appointment the alliance had missed

The alliance later sent a lower-ranking official, prompting council president Adams Oshiomhole to chastise them, saying "A situation where your presidential candidate talks to us through proxies is

unacceptable to organised labour."

Later in the week, Obasanjo himself failed to turn up for a nationally televised TV debate with Falae

The alliance is seen as the lesser of two evils by those firmly set against any semblance of military rule continuing through Obasanjo, and the labour movement, decimated by previous military regimes, would have been an important ally, but the in-fighting that has been going on in the alliance has considerably damaged its chances.

The Senate comprises 109 members - three from each of the 36 states that comprise the federation,

plus one representative of the federal capital Abuja. The Senate approves cabinet and ambassadorial appointments and vets the activities of both the lower house and the executive. A presidential candidate who wins the office but loses the Senate may find his work hamstrung

Meanwhile, in Kaduna in the north, Sheik Ibrahim el-Zak Zaky, a 46-year-old Islamic scholar and the leader of Nigeria's most prominent Islamic movement, said he had little faith in Nigeria's current leaders, or in those vying to replace them. Released in December after spending more than two years in jail on

sedition charges, Zak Zaky told AFP that Nigeria's tens of millions of Muslims had no reason to support any of the parties

"Some of those coming into the elections now are those who looted the treasury earlier and are now coming again," he said

"I don't have confidence in the transition programme of General Abdulsalam Abubakar," he said "I know it is better than none, but there are going to be problems."

Zak Zaky leads the Islamic Movement, a Shi'ite group in the largely Sunni Muslim north of Nigeria constantly at odds with authorities since he emerged as leader in the mid-1990s, preaching a strict observance of Islamic law

Remember
to turn by in-fighting
20/10/99
20/10/99

PDP head for victory in Nigeria (226)

LAGOS – Nigeria's centre-left People's Democratic Party (PDP) was on course for a landslide victory in weekend parliamentary elections, electoral officials said yesterday.

With more than half the results in for the 109-seat senate, the PDP, which is fielding former military ruler Olusegun Obasanjo in presidential elections next weekend, had 43 seats late yesterday, against 16 for the Alliance for Democracy (AD) and 11 for the rightwing All People's Party (APP).

In elections for the 360-seat House of Representatives, the PDP had picked up 144 seats, against 59 for the AD and 35 for the APP, the officials said.

Fifty-five seats are needed for a majority in the senate and 181 for a majority in the House of Representatives.

The parliamentary polls, the third election in Nigeria in under 10 weeks, took place peacefully on Saturday, marked only by a lower turnout than in previous votes, a fact observers blamed on voter fatigue and the relatively low status given to the parliament in the expected constitution.

Power in the constitution due to be implemented later this year is believed to rest mainly with the president, leaving parliament a relatively weak body.

Among the notable results, Lola Abiola-Edewor, daughter of late Nigerian opposition leader Moshood Abiola, the presumed winner of 1993 presidential elections cancelled by the military, won a seat in the House of Representatives for the AD in Lagos.

In Imo State, in the southeast, Arthur Nzeribe, a noted supporter of late dictator General Sani Abacha, was elected to the senate for the APP while in Plateau State, the party's candidate Joe Garba, a former ambassador to the United Nations, lost his senatorial bid.

Meanwhile, in the eastern town of Enugu, the three senatorial seats went unexpectedly to the AD and APP, suggesting a backlash against the party which last weekend selected Obasanjo as its presidential candidate, over former civilian vice-president Alex Ekwueme, who is from Enugu.

The PDP, the best set up of Nigeria's three registered political parties, won local polls in December and state elections in January and is expected to win the presidential election on February 27 – Sapa-AFP.

(226)
Nigerian centre-left win
CT 22/2/99

LAGOS: Nigeria's centre-left Peoples Democratic Party (PDP) was on course for a landslide victory in weekend parliamentary elections for the senate and House of Representatives.

With more than half the results in for the 109-seat senate, the PDP, fielding former military ruler Olusegun Obasanjo in presidential elections next weekend, had 43 seats late yesterday against 16 for the southwest-based Alliance for Democracy (AD) and 11 for the right-wing All Peoples Party (APP)

In elections for the 360-seat House of Representatives, the PDP had picked up 144 seats against 59 for the AD and 35 for the APP

Fifty-five seats are needed for a majority in the senate and 181 for a majority in the House of Representatives

The elections were promised by military leader Abdulsalam Abubakar within weeks of his taking over from the late dictator General Sani Abacha in June last year

Abubakar promised to hand over power on May 29, ending more than 15 years of military rule — Sapa-AFP

Obasanjo party wins poll majority

(226) AKG 22/2/99

Countdown to presidential vote

Lagos - The party backing Nigeria's former military ruler General Olusegun Obasanjo secured a slim majority in the national assembly that will take over lawmaking from the ruling generals, partial results showed today.

The victory strengthened Mr Obasanjo's position as favourite to win Saturday's presidential ballot, two decades after he became Nigeria's only army ruler to step down for an elected civilian.

But an alliance of parties backing former Finance Minister Olu Falae ran not far behind Mr Obasanjo's Peoples Democratic Party (PDP) in early results of Saturday's National Assembly elections.

Fierce campaigning for votes by the two former political prisoners has taken off and rival rallies are planned over the next five days in different corners of the West African country of 108 million.

"It's a tough campaign but I am confident that we are going to win, and this time next week we will cele-

brate our victory. Nigerians are tired of the military in any form," Mr Falae said.

The National Assembly replaces a council of generals as Nigeria's law-making body after May 29, the date on which General Abdulsalamu Abubakar has pledged to step down to end 15 years of military rule in the oil-producing country.

With less than one fifth of the results still to be announced, the PDP had won 182 seats in the 360-member House of Representatives and 55 of the 109 Senate (upper chamber) seats. The Alliance of Democracy and the All Peoples Party, bound by an electoral pact, won 123 house and 37 senate seats between them.

Foreign observers gave the elections a generally clean bill of health, but said they hoped for a better turnout for the presidential vote after the disappointing showing on Saturday.

Nigeria has been ruled by soldiers for all but 10 years since independence from Britain in 1960 - Reuters



Free choice: Nigerians cast their votes for a new parliament at the weekend. Presidential elections will be held on Saturday

REUTERS

Ethnic bias shows in Nigerian polls

PD 22/2/99 (226)
Tough campaign looms in transition to civilian rule

ABUJA — Nigeria's main political parties did well in traditional ethnic strongholds, according to yesterday's first results in national assembly elections, a key step towards ending 15 years of military rule

Early results point to a tough campaign to win votes ahead of a presidential poll in a week that caps the military government plan to return power to civilians on May 29

The Peoples Democratic Party (PDP), which backs former military ruler Gen Olusegun Obasanjo for president, did well in southeastern states, with at least 70% in the two declared The Alliance for Democracy (AD), backing rival Olu Falae, took more than 60% in two states declared in its heartland

A daughter of late presidential claimant Moshood Abiola was among early winners. Lola Abiola-Eduwor won for the AD in a Lagos constituency. The AD is expected to do well in Lagos and southwestern Nigeria which backed Abiola's presidential bid. The military regime nullified the business tycoon's 1993 electoral victory and arrested him after he declared himself president. He died in jail last year.

Commentators and poll officials blamed the looming presidential vote for a low turnout in Saturday's election for the 360-seat federal house of representatives

and 109-member senate (upper chamber). "What people are really waiting for is the presidential election. That's what they really care about," said Motolani Igenade, an official at one of the 115 000 polling stations.

Up to 40-million people in the oil-producing nation are registered to vote, but the turnout in some states was reportedly as low as 20%.

Independent National Electoral Commission (INEC) figures from states declared showed a significantly lower turnout than in recent local and state elections.

"While the turnout was lower than observed in the prior two rounds, a

greater turnout for the presidential election is expected," said Lloyd Pierson of the International Republican Institute, a foreign monitoring group.

The house and senate will take over the legislative role from generals who ruled by decree for all but 10 years since Nigeria's independence from Britain in 1960.

Obasanjo is favourite to win, 20 years after becoming the only general to hand power to an elected civilian. Yet, despite a favourable 4% swing of support in Obasanjo's southwestern Ogun state, former finance minister Falae maintained his party's dominance in the ethnic Yoruba region from which they both hail — Reuter



Lola Abiola Eewor

Nigerian polls see Abiola's daughter win seat in new national assembly

By MATIYATA TSEBU

Abuja, Nigeria - The daughter of Nigeria's martyred political leader, Chief Moshood Abiola, who won elections in 1993 but was denied victory and was instead incarcerated and died in jail, was yesterday declared a winner of a lower-house seat in Nigeria's new National Assembly.

Lola Abiola-Edewor ran for the Alliance for Democracy, the party opposing General Oluse-

gun Obasanjo, and won over the People's Democratic Party's Prince Jide Sotimnu in Lagos.

Two states in the oil-producing south, Delta North and Central, had their polls postponed due to in-fighting by supporters of Obasanjo over nominations of candidates.

The elections, the third of a series of four which are to culminate in a handover of power by the military to a civilian government on May 29, were peaceful. Voter turnout was low.

The electorate is to return to the polls on Saturday to elect the new president. Country-wide excitement is fixed on the presidential election, which is why the turnout was low at the weekend.

One of the major humiliations in the elections on Saturday was that of former Nigerian foreign minister and chairperson of the United Nations Special Committee Against Apartheid, General Joseph Garba, by a local businessman

Star 22/5/99 (226)

in the north of Nigeria. Garba, who served in the military government of the 1970s under Obasanjo, had stood in opposition to his former chief's party. Garba, standing as a candidate for the All People's Party, was beaten by a margin of 18,000 votes by Silas Janfa (56).

Janfa had first beaten another general and Garba's brother, General John Shagaya, in the run-up for the People's Democratic Party candidature.

Garba's defeat is seen as a rejection not only of the All People's Party but of the return of generals to public office.

Meanwhile, Obasanjo has said he wants to raise about R90-million to fund the one-week campaign that ends on Thursday. According to Nigerian law, campaigning stops 24 hours before voting. A rally and fundraising dinner are to be held in Abuja today as part of the bid to raise the money. Meanwhile, military ruler

General Abdulsalamu Abubakar told Nigerians that they alone should decide who they want to rule over them. He said he had no personal preference between the candidates.

Obasanjo is facing Olu Falae, a former cabinet minister representing the All People's Party and the Alliance for Democracy. The alliance was only for the presidential election, but each party fought its own battles for the Senate and lower house elections.

REST OF AFRICA

Obasanjo's party secures election majority

New government to take over from military after May 29

LAGOS — The party backing Nigeria's former military ruler, Gen Olusegun Obasanjo, secured a slim majority in the National Assembly that will take over from the ruling generals, partial results showed yesterday.

The victory strengthened Obasanjo's position as favourite to win next Saturday's presidential ballot, two decades after he became Nigeria's on-ly army ruler to step down for an elected civilian.

However an alliance of parties backing former Finance Minister Olu Falae was not far behind Obasanjo's Peoples Democratic Party (PDP) in early results of Saturday's National Assembly elections.

Fierce campaigning for votes by the two former political prisoners has taken off and rival rallies are planned over the next five days in different corners of the west African country.

"It's a tough campaign but I am confident that we are going to win, and this time next week we will celebrate our victory. Nigerians are tired of the military in any form," Falae told reporters in Lagos.

The National Assembly replaces a council of generals as Nigeria's law-making body after May 29, the date on which Gen Abdulsalami Abubakar has pledged to step down to end 15 years of military rule.

With less than one fifth of the results still to be announced, the PDP had won 182 seats in the 360-member House of Representatives and 55 of the 109 Senate (upper chamber) seats.

The Alliance of Democracy and the All Peoples Party, partners in an electoral pact, won 123 seats and 37 senate seats between them.

Foreign observers gave the elections a clean bill of health, but said they hoped for a better

turnout for the presidential vote after the disappointing showing on Saturday.

"We are all looking forward to the completion of the transition process with next weekend's presidential elections," said Sir Ketumile Masire, head of a Commonwealth observer mission.

The Commonwealth suspended Nigeria in 1995 for lack of democracy and human rights abuses under dictator Sani Abacha, whose sudden death last June made the latest attempt at democracy possible.

Abacha held both Obasanjo and Falae as political prisoners. Both were freed by Abubakar alongside scores of others.

Obasanjo, who relinquished power in 1979, took his campaign to Minna in central Nigeria, home town of Abubakar and of former military ruler and kingmaker Gen Ibrahim Babangida.

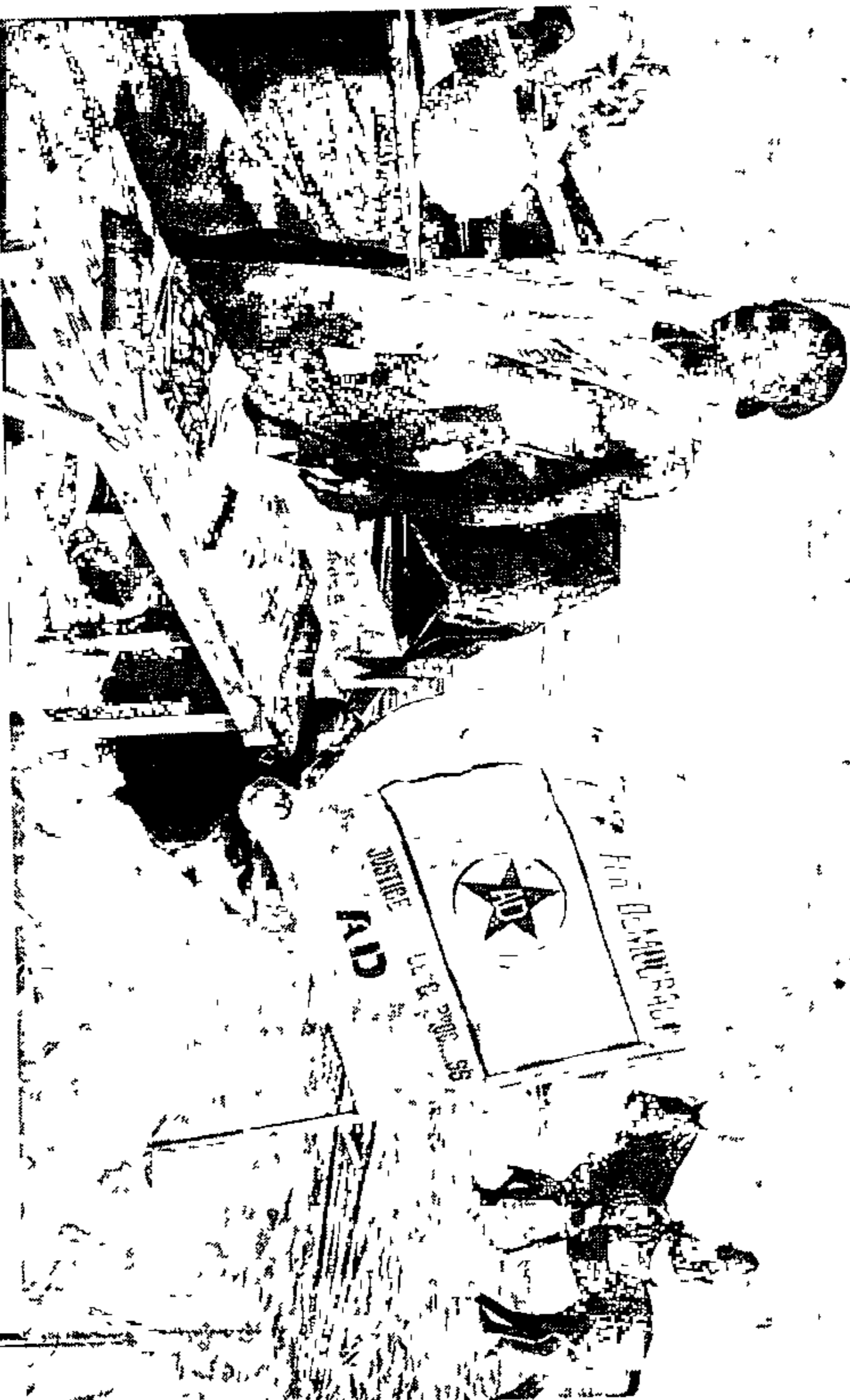
Falae's aides said he would concentrate on Obasanjo's stronghold of northern Nigeria and the ethnic Ibo southeast, whose local hero, former vice-president Alex Ekwueme, was beaten to the PDP nomination.

Obasanjo and Falae are from the southwest, which has felt aggrieved since the army annulled the last presidential election in 1993, as Yoruba tycoon Moshood Abiola was poised to win.

Ideology is not an important factor in the campaigns.

All parties promise to rebuild Nigeria after years of military misrule which have wasted billions of dollars in oil money, while leaving most Nigerians poorer than before and without basic needs such as light, fuel and communications.

Nigeria has been ruled by soldiers for all but 10 years since independence from Britain in 1960. —Reuter



Homeless artist Toby Obanor, who lives on the beach in Lagos, flies a flag for the Alliance for Democracy party.

Picture AP

REST OF AFRICA

Cynicism over Nigerian vote

Retired soldiers have blended into the political elite which will continue to rule Nigeria

LAGOS — Any Nigerian transition to democracy will take longer than the time needed to elect a new president and will inevitably involve retired soldiers who have blended into the political elite, analysts said yesterday.

A much more difficult task is to fully involve the majority in Africa's most populous nation, where cynicism about politicians—in or out of uniform—is strong.

Some blame the apathy during last week-end's national assembly election on a feeling that a cabal of retired military men had already decided who the winners would be. Many more suggest that if there was no real light or proper campaigning, it was because candidates knew they had already secured their positions among local ethnic power bases so they did not have to waste money to win.

All acknowledge the present plan to restore democracy is farther than the distorted scheme of dictator Sani Abacha which was aborted by his death last June, making way for Gen Abdulsalam Abubakar's reforms.

"There has been no evidence of direct government intervention, or at least you cannot prove it," says human rights activist Clement Nwankwo, of the respected Constitutional

Rights Project

Some indication that the national assembly elections could not be too unfair was the balanced legislature that resulted. No party has an overwhelming majority—unusual on a continent where government parties tend to ensure their grip.

Much more attention is focused on Saturday's presidential election when turnout will almost certainly be higher. The main issue is whether electing former military ruler Gen Olusegun Obasanjo would mean a continuation of a 15-year stretch of unpopular military rule or whether it is a necessary step on a much longer transition to democracy.

Obasanjo was favourite to win even before he said last November that he would contest, with the backing of a powerful political machine of ex-officers and their civilian allies.

If Obasanjo does beat former Finance Minister Olu Falae he would repeat a pattern in 10 out of 15 other west African countries which are led by former military rulers.

At least a dozen old soldiers have already been elected to Nigeria's new national assembly. Many analysts do not believe that is surprising after more than three decades since

(226)
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the first coup in 1966, during which time government has come under military domination, and sections of the army have come to resemble nothing so much as a political party.

But, whoever wins the presidential election, an elite of military and civilian politicians who have served alongside each other for years will retain their hold on Nigeria and its oil revenues. Less simple is demonstrating what the new democracy offers for the rest of Nigeria's 108-million people.

"Election what election? Nobody has been encouraging us this time," said one of the local thugs known as "area boys" in central Lagos during the national assembly election.

The average Nigerian has suffered much more from Nigeria's decline under the military than those who can buy generators when power supplies fail, black-market fuel when there is none at the gas station and four-wheel-drive vehicles for the crumbling roads.

The importance of money in politics inevitably means that those who have most will triumph, and in Nigeria that is the military men who have profited through directing Nigeria's oil money into their own pockets and the civilian politicians who served with them.

Candidate pledges to sell govt oil stake to restructure debt

By William Wallis

Financial Times

LAGOS — Olu Falae one of the two contenders in Nigeria's presidential election this Saturday, said on Monday he would be prepared to sell part of the government's 60% stake in the oil sector as part of a radical restructuring of the country's estimated \$29bn external debt.

It is the first time a leading Nigerian politician has made such a proposal. He said the move would accompany a rescheduling of the \$21bn owed to the Paris Club of official creditors, more than \$16bn of which represents arrears.

The lowest oil prices for 12 years have seen Nigeria's foreign exchange earnings fall sharply, contributing to its most serious economic crisis since independence. Rescheduling is seen as an essential element in the country's recovery effort.

Officials at Britain's export credit guarantee department,

which is owed at least \$5bn, have been calling for evidence of government commitment to tackling arrears. "I want to get to grips with the debt problem and get to the level where development can start again and investment can come in again," Falae, a former finance minister, said.

By selling off 10% of government shares in oil joint ventures more than \$8bn could be raised he added. Until recently, public opinion has been stacked against the sale of government assets in the oil industry. The fact that Falae has raised it during his campaign is an indication that attitudes may be changing.

Nigeria's oil, most of it produced in joint ventures with the multinationals, accounts for more than 90% of foreign exchange earnings.

At current prices, and without rescheduling, external debt arrears will climb further.

Last year's scheduled debt-service was \$4.4bn. The 1999 budget provides only \$1.7bn for

servicing foreign debt, implying that \$2.5bn in new arrears, on top of the \$15bn already accumulated, will be incurred.

Any rescheduling pact will depend on the incoming civilian government keeping to the terms of a recent policy agreement with the International Monetary Fund.

Falae would not commit himself "We will have to wait and see what the situation is when we take office. We consider all options open," he said.

He is running as the joint candidate of two parties, his southwestern regional party, the Alliance for Democracy, which advocates radical change and devolution, and the All People's Party, a coalition of business magnates and establishment politicians.

Latest results of Saturday's assembly and Senate elections yesterday gave the Peoples Democratic Party, whose candidate is former Gen Olusegun Obasanjo, 194 seats in the 380-seat assembly against 127 for the remaining parties.

Gold production forecast to be higher

HARARE — Zimbabwe expects gold production in 1999 to rise despite hardships plaguing the whole mining industry, a senior industry official said yesterday.

The Chamber of Mines' new CE David Murangari said gold production volumes and earnings should increase this year with the Eureka and Chikwa mines coming onstream. Both are owned by Delta Gold of Australia.

Total production for 1998 amounted to 25.1 tons of gold worth 235.6bn against 24.2 tons worth 233bn in the previous year.

"The industry has been helped by the depreciation of the Zimbabwe dollar against the US equivalent," he said but added it may "be a temporary situation and, if our dollar strengthens, we shall feel the pain".

The Zimbabwe dollar, which lost over half of its value against the US dollar in 1998 is currently holding stable under informal control measures introduced in January to steer it back to stability after speculators had pounded it to historic lows.

Last month a senior mining official said the industry, which has been struggling amid poor international prices, looked set for another rocky ride this year — Reuters



Supporters of Nigerian presidential candidate Olusegun Obasanjo watch performers on a stage while they wait for him to show up for a rally in Kaduna, about 700km northeast of Lagos. Supporters wanted into the night to see and hear Obasanjo. Twenty years after stepping down as head of the military junta which gave way for a short-lived civilian government, Obasanjo is a forerunner in Nigeria's presidential elections on Saturday. Picture AP

Oil Despite the country's problems, its low costs are irresistible to developers

Nigeria's future better than it looks at first sight

MATTHEW TOSTEVIN

Lagos—Caught in a spiral of low oil prices, lack of investment and sabotage by angry communities demanding money the future of Nigeria's vital energy sector at first sight looks bleak

But vast reserves of relatively cheap-to-produce oil and gas offer whoever rules Africa's most populous nation a fresh source of revenue in a few years' time, even if oil prices stay low

"Nigeria offers a huge opportunity for us in the future to develop integrated oil and gas projects that will be good for Nigeria and good business," said Ron van den Berg, the managing director of Royal Dutch/Shell

Shell, which produces nearly half of Nigeria's oil, recently proposed an \$8.5 billion investment plan for 12 integrated projects over eight to 10 years to increase oil output by 600 000 barrels a day, more than making up the natural decline in Nigeria's present capacity of 2.3 million barrels a day

That is all for the future The present is very different Angry ethnic Ijaw communities have shut in as much as a third of onshore production to demand a greater share of the oil wealth

Nigerian and expatriate workers run a constant risk of being taken hostage, while pipes and installations are sabotaged Few believe military intervention, which has

reduced output losses since January, will provide a long-term solution

Just as serious for the major companies operating joint ventures with the state-run Nigerian National Petroleum Corporation is the lack of government funding

Short of money because of low world oil prices, military ruler General Abdulsalam Abubakar cut the year's investment budget to \$2 billion from the \$3.7 billion the multinationals said they needed

Most Nigerians see little direct benefit for their oil industry, faced by the paradox of fuel shortages in Africa's biggest crude exporter because of the failure of ill-managed state-run refineries

"If it wasn't so cheap to

produce oil here I don't think anyone would take the trouble," said an executive with one US-based oil major

The future of Nigeria's energy industry depends on decisions to be taken by Abubakar before he leaves office on May 29 and by the president to be chosen at this Saturday's election

Still awaited is a decree that would permit foreign firms to risk the investment needed to develop oil fields in deep offshore waters, which optimists say could add up to 20 billion barrels to reserves currently just over that amount

Approval is also important for schemes that avoid the need for government cash up front by seeking bank fund-

ing Projects to increase Nigerian output by nearly 400 000 barrels a day are on the table

Some of the new developments are also tied to future development of a \$5.8 billion liquefied natural gas plant, the first part of which is due to enter production this year

"We are working very quickly on alternative funding," said Aret Adams, Abubakar's Petroleum adviser "The idea is to establish some common ground, so that for every other project that qualifies you don't need very long discussions"

Van den Berg said "Of course there are difficulties, but we have a lot of confidence that the right decisions will be taken"—Reuters

ET (CAR) 25/2/99 (Rab)

CAPE ARGUS ISSUES

Ever-hopefuls court Obasanjo as he seems set to take over the reins

ARL 25/2/99

Ota, Nigeria - They wait for hours in the maze of sitting rooms - powerful businessmen, local politicians and would-be friends packed together on plush sofas, angling for an audience.

"I have to see him and greet him, to pay homage to him," one visitor pleads with an aide to General Olusegun Obasanjo, the front-runner in Saturday's presidential vote, pressing a letter into the aide's hand.

General Obasanjo himself sits quietly in his red brick farmhouse as aides whisper intently into both his ears. He doesn't seem to notice the people swirling around him. Each will get his turn.

Maybe

This is politics Nigerian-style, the personal manoeuvring that has long been the path to power in Africa's most populous country.

And General Obasanjo, 61, a retired general, gentleman farmer,

former military ruler and freed political prisoner, is the latest player to seek the top job.

Twenty years after stepping down as the head of a military junta that gave way to a short-lived civilian government, General Obasanjo wants to be president.

But like the visitors to his farm, Nigeria will have to wait to see what he intends to do. His platform amounts to little more than vague calls for a better nation.

"I'm becoming the president of Nigeria to do what is good for Nigeria," General Obasanjo told reporters at his rural compound - a fish, banana and chicken farm - about 40km north of Lagos.

Pressed for specifics, General Obasanjo said he would establish a tribunal to investigate the corruption that had long bedevilled this oil-rich nation.

But investigating thievery can be

a delicate business in Nigeria, where generations of ruling generals have grown rich through graft. And no one wants to worry the generals for fear they might launch yet another coup.

Also, General Obasanjo's own ties to the military elite make him an unlikely candidate for an anti-corruption platform.

He came to power in 1976 after his predecessor in the ruling junta was killed in a coup attempt. General Obasanjo has long been linked to General Ibrahim Babangida - another former military leader whose rule was riddled with corruption and who is now among the country's wealthiest men.

Despite such ties, General Obasanjo voluntarily stepped down after civilian elections in 1979 in many ways, he is an anomaly in Nigeria. He manages to be both an elder

'It is apparent he will win (the election). People are making sure their ties to him are intact'

ARL 25/2/99

statesman and a back room politician. His essays are published in the New York Review of Books, an influential journal of American liberalism, while his campaign coffers are filled by some of the most powerful rich - and reportedly corrupt - of Nigeria's generals.

Although he is a Baptist, a southerner and a Yoruba, because he was a career military officer he has base support in among Nigeria's Muslim northerners - the Hausa-Fulani people who dominate the military.

General Obasanjo exploits such contradictions, saying he can bridge gaps in a country where political support is often sharply drawn along ethnic and regional lines.

But many Yorubas, who have made up the core of Nigeria's pro-democracy movement for a long time, resent General Obasanjo for his military ties and for allowing an elected northerner to follow him in 1979.

Even his imprisonment by General Sani Abacha, the military dictator whose sudden death in June paved the way for this week's civilian presidential elections, did little to endear him to his fellow Yorubas.

"I'm not ready to cast my vote for anybody with a military background," said RO Olusegun, 74, cutting her two grandchildren in a run down Lagos neighbourhood. "I'm going to cast my vote for Olufade because he wasn't a soldier."

Mr Falae, a former finance minister and General Obasanjo's presidential opponent, is also a Yoruba and a southerner, but he is campaigning without the money or connections.

Sparse returns from legislative elections on Saturday gave no indication of how the presidential contest might go.

It is in General Obasanjo's modest farmhouse, past a ramshackle, concrete gatehouse at the end of a dirt road, that his power and skill become apparent.

From time to time, dressed in a traditional flowing white tunic, General Obasanjo sweeps through the thickly carpeted house crammed full of heavy, plush furniture and cooled by softly whirring fans.

He dispenses advice as aides scurry to hand him cordless phones or introduce visitors. The difference in social status of

those who wait is obvious.

The best-dressed sit on sofas. Others remain in the outer foyer, jammed on plastic chairs.

Dozens more people wait outside, the men chat in the shade while women cook cauldrons of soup over open fires.

Banners and posters proclaiming General Obasanjo as "The Man of Destiny" give the farm the feel of a permanent political convention.

"It seems apparent he will win," said a foreign businessman waiting for an audience, speaking on condition his name not be used. "People are here making sure their ties to him are intact."

So, one after another, the powerful, the connected and the rich are invited past a phalanx of aides to pass him papers, shake his hand. Others simply sit. And sit. And wait. -Sapa-AP

The 'key' to democracy in Nigeria

Civilian government set to replace the military when country votes on Saturday

ARL 25/2/99

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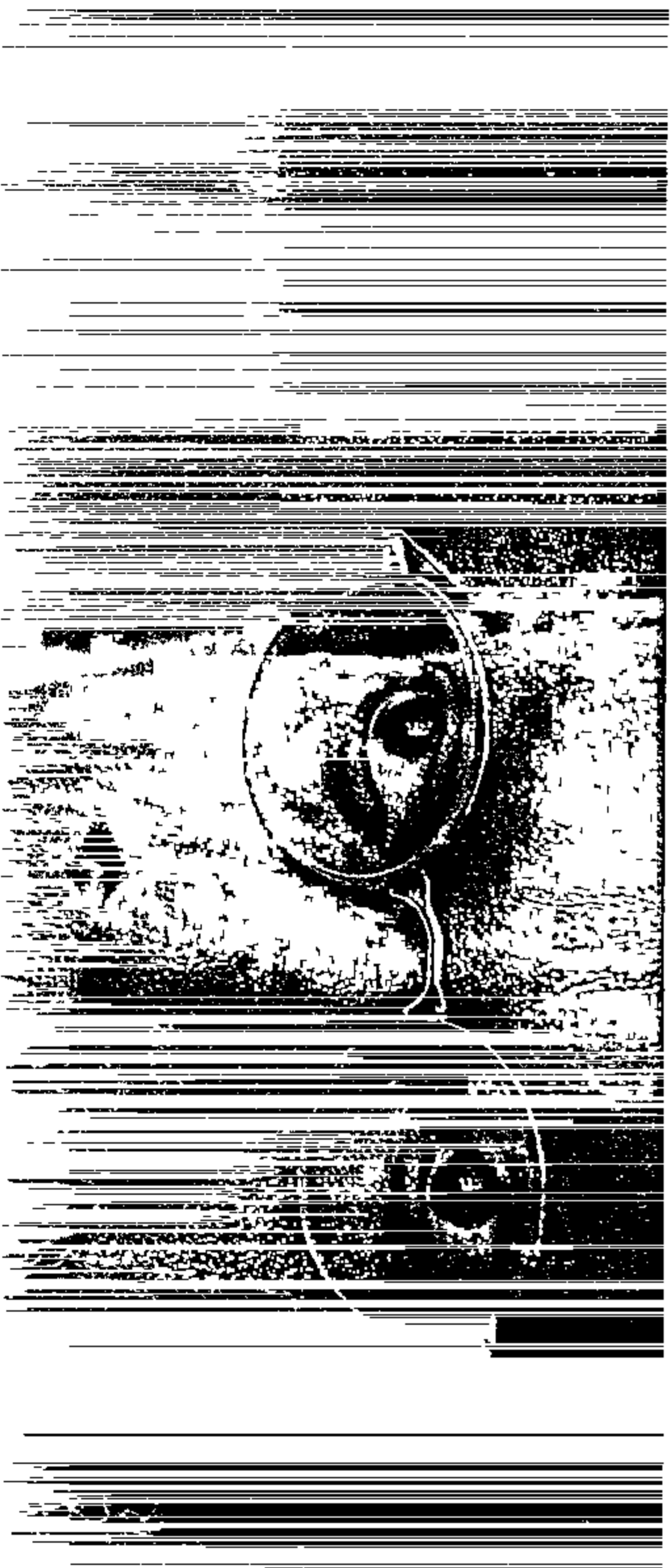
Stability in Nigeria will depend on the creation of 'ethnic democracy', Professor Kole Omotoso of the University of the Western Cape told Staff Reporter **TREVOR OOSTERWYK**

The future of Nigeria is dependent on the ability of the new president, due to be elected on Saturday, to wean the military from the habit of wielding political power.

This is the view of Nigerian Kole Omotoso, a professor attached to the English department of the University of the Western Cape.

"For many years to come they are going to be a major voice in what happens in the country. But they must do it as one of the components of the country, not as the only one," he said.

Professor Omotoso expressed these views against the background of the presidential elections set for Saturday, when



Nigeria's attempts at democracy

Abuja - Nigerians go the polls on Saturday, marking the next step in General Abdulsalam Abubakar's plan to restore civilian rule on May 29 after 15 years of army domination. Military governments have made many attempts at establishing democracy, but most have failed. These are those attempts and the military interventions that have scuttled them

1966 - Nigeria's first coup ends civilian rule less than six years after independence from Britain. General A. W. Irons

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This is the view of Nigerian Kole Omotoso, a professor attached to the English department of the University of the Western Cape.

"For many years to come they are going to be a major voice in what happens in the country. But they must do it as one of the components of the country, not as the only one," he said.

Professor Omotoso expressed these views against the background of the presidential elections set for Saturday, when Nigerians will have to decide between former military ruler Olusegun Obasanjo of the Peoples' Democratic Party, and former finance minister Olu Falae, the candidate of the Alliance for Democracy and the All Peoples' Party.

The new president will be inaugurated in May, when Abdulsalam Abubakar steps down as military ruler.

Nigeria, the most populated country in Africa, has been governed by a host of military rulers for the past 15 years. As a result of these dictatorships and pervasive corruption, Nigerians have experienced ever-falling standards of living, which have left the country divided and bankrupt.

But since the present military ruler General Abubakar took over last year, Nigeria has been basking in a wave of good publicity.

General Abubakar promised that he was prepared to hand over power to an elected government. The first round of elections took place last month, when Nigerians went the polls to elect state governors and national assemblies.

Professor Omotoso believes that it is important to come to terms with the nature of democracy in Nigeria, where it "is useless to speak about democracy in terms of individuals, because it does not exist".

The country's democratic stability is

dependent on establishing what he calls "ethnic democracy in Nigeria".

There are clear indications for Professor Omotoso that, because of the way people voted along ethnic lines in the election of state governors, the country is going in the right direction.

He believes this is the only way that the current process could rid the country of the political control by the military, as well as the civilian arms of the northern political elite.

It is not the voting patterns that will determine the democracy but the way



power is used by whoever wins the election. Success or otherwise will be determined by whether "you simply keep political power and use it to fund yourself and your cronies without anything going to the mass of the population".

The developments in Nigeria could also impact positively on South Africa, if Nigeria succeeds at the process of creating democracy. It is therefore important that South Africans not only understand but support the country in its quest to get its political act together, says Professor Omotoso.

He also believes that should Nigeria succeed, South Africa could learn from the particular democratic project in that country, which means that South Africans should take on board more seriously the question of federalism.

Professor Omotoso was personally involved in the pro-democracy campaign in Nigeria. Both presidential candidates are well-known to him.

General Obasanjo took him to court because of his book, *Just Before Dawn*, and he had to take out a paragraph that implicated the general in the *coup d'etat* that toppled President Shehu Shagari in December 1983.

Chief Falae was his teacher at school and a good friend.

But in the end, Professor Omotoso feels that "None of this gives me any inclination to be involved in the politics of Nigeria."

"But this does not mean that I would not continue to be involved in the cultural aspects of the country in terms of writers and writing."

"I would also wish to work from Cape Town to strengthen the cultural relationship between Nigeria and South Africa."

Nigeria votes in legislative and presidential elections this month to end 15 years of military rule. The country is home to around 250 ethnic and linguistic groups and is the continent's most populous country.

■ Geography
Almost twice the size of France, Nigeria is in west Africa, bounded by the Atlantic Ocean and the republics of Benin, Niger, Chad and Cameroon. Mainly low-lying, the north is largely semi-desert, with a more hospitable savannah in the centre, giving way to a tropical forest belt in the southwest and a vast swampland region in the south-east.

■ Population
The population is estimated to be 108-million by the Nigerian government, and 121.8-million by the United Nations.

A new census is scheduled for 2001.

The three largest ethnic groups are the Hausa-Fulani in the north, the Ibo in the east and the Yoruba in the southwest.

■ Capital
Abuja, a modern city in the centre of the country, was named the federal capital in December 1991.

■ Major towns
The largest town and commercial hub is Lagos. Ibadan, Port Harcourt, Kano, Kaduna, Sokoto and Enugu are other major towns.

FACT FILE

■ Government
Ruled by a military junta - the Provisional Ruling Council. Headed by General Abdulsalam Abubakar, due to hand over to an elected president on May 29.

The country is a federation of 36 states.

■ Language
The official language is English but most people speak several other languages, with the most widespread being Hausa, Ibo and Yoruba.

■ Religion
The main religions are Islam and Christianity with

some animist religions continuing to flourish.

■ History
Nigeria was officially formed in 1914 by Britain - which had in the 1800s conquered local kingdoms - and merged its two separate protectorates of northern and southern Nigeria.

Nigeria gained independence in October 1960 and declared itself a federal republic three years later.

After two successive coups in 1966, a civil war broke out in 1967 between eastern secessionists and federal forces. The war ended in 1970.

Since 1966, Nigeria has been run by the military for all but four years.

■ Economy
Oil is the primary resource, accounting for 95-98% of

Nigeria's exports by value. The economy is in decline, key sectors and infrastructure are hampered by government control and corruption. More than 40% of the labour force is involved in subsistence farming.

■ Currency
The *naira*, traded at an official rate of 85 to the dollar.

■ International relations
Nigeria is a member of the Organisation of African Unity and the UN, where it is seeking a place as a permanent member of the Security Council. It hosts the 16-member Economic Community of West African States (ECOWAS), whose military wing, Ecomog, it dominates. Nigeria was suspended in 1993 from membership of the Commonwealth but is expected to rejoin it after the election. - Sapa-AP

Abuja - Nigerians go the polls on Saturday, marking the next step in General Abdulsalam Abubakar's plan to restore civilian rule on May 29 after 15 years of army domination. Military governments have made many attempts at establishing democracy, but most have failed. These are those attempts and the military interventions that have scarred them.

- 1966 Nigeria's first coup ends civilian rule less than six years after independence from Britain. General Aguiyi Ironsi becomes head of state, but dies in a counter coup, bringing Lieutenant-Colonel Yakubu Gowon to power.
- 1967 Civil war breaks out after eastern Nigeria tries to secede.
- 1970 Civil war ends with defeat of secessionist Biafra. Colonel Gowon announces plans to restore civilian rule in 1976.
- 1974 Colonel Gowon announces indefinite delay in democracy plan.
- 1975 Colonel Gowon toppled in coup, bringing General Murtala Mohammed to power. He promises to hand over to a civilian ruler in 1979.
- 1976 General Mohammed assassinated in abortive coup attempt. His deputy, General Olusegun Obasanjo, takes over and renews promise to restore democracy.
- 1979 Shehu Shagari wins elections and General Obasanjo relinquishes power.
- 1983 Elections marred by widespread cheating. General Mohammed Burhan takes over from Shagari without a clear schedule for a return to civilian rule.
- 1985 Peaceful coup brings to power General Ibrahim Babangida.
- 1993 General Babangida organises a presidential election, but annuls the vote as businessman Moshood Abacha is about to win. General Babangida steps down and appoints an interim government, which is overthrown by its defence minister, General Sani Abacha.
- 1995 General Abacha announces plan to restore civilian rule in 1998.
- 1998 General Abacha dies as he heads towards presidential elections as the sole candidate. General Abdulsalam Abubakar assumes power and on May 29 promises to restore civilian rule.

REST OF AFRICA

Oil firms accused of human rights abuses in Nigeria

US Congress is asked to investigate if oil companies helped to kill Nigerians

NEW YORK — As Nigeria moves closer to the goal of civilian rule with Saturday's presidential elections, the US Congress has been asked by one of its members to investigate if oil companies hindered the democratic process in Africa's most populous nation.

Alleging US-based Chevron and Anglo-Dutch Royal Dutch/Shell aided the Nigerian military in killing Nigerians and abusing human rights in Africa's largest oil producer, US Congressman Dennis Kucinich, has asked for a full federal investigation.

Chevron reacted angrily to the accusations this week, and company officials said that Kucinich had not personally discussed any of his allegations with the company.

Kucinich's letter cites allegations that Chevron provided helicopters and boats to the Nigerian military, which then used them to "bomb villages, massacre innocent civilians and terrorise those protesting against the environmental degradation of the Niger Delta."

The Chevron spokesman denied the charges. "We do not own any helicopters, we do

not own any boats over there. They are contracted to do work for us," the spokesman said. Chevron was the minority partner with a 40% stake in its joint venture with the state-owned Nigerian National Petroleum Company, which owns 60%.

"So, obviously, as a majority partner, the government has a right to use the lease agreements," the spokesman said.

"We have been in Nigeria for more than 40 years and in Angola for almost as long. We have a long-term commitment to those countries."

"We consider ourselves and we think the local communities think of us as an excellent partner," the spokesman said, citing Chevron's long-standing contributions to local communities.

Although Chevron is the only US company cited by Kucinich this week, US-based Human Rights Watch issued a report in which it holds large oil companies responsible along with the Nigerian government for abuses committed in the tense Niger Delta region.

Shell lifts about half of the two million barrels per day of crude produced in Nigeria, Africa's largest oil producer. Oth-

er oil companies doing business in Nigeria are US companies Mobil and Texaco, Italy's Agip and France's Elf Aquitaine.

"If we want oil from Nigeria to keep flowing, then we must make sure our investments and corporate activity there weigh in on the side of creating a stable representative democracy instead of a brutal oil republic," Kucinich said in a letter to Benjamin Gilman, the chairman of the House International Relations Committee. The future of Kucinich's request is still unclear.

The southern Niger Delta region produces about 90% of Nigeria's high-quality crude oil.

A rash of demonstrations in this key oil-producing area by ethnic Ijaw groups demanding a greater share of the region's wealth, as well as environmental protection, disrupted much of that production last year.

This year began with 19 people killed in Delta protests.

Killings have continued and had a chilling effect on the elections.

Ethnic Ijaws called for a boycott of the gubernatorial elections in the Delta's key oil-producing Bayelsa state — Reuter



an presidential candidate Olusegun Obasanjo, some in costume, dance in preparation for an election at a rally in Enugu, 500km east of Lagos. Obasanjo is the current front-runner in elections.

Picture AP

Nigerian poll boycott?

Fears for transition process if Obasanjo loses

MATTHIAS ISENU
Foreign Service

Lagos, Nigeria - The most important message emerging from the presidential elections here tomorrow may be a large stayaway.

During the parliamentary elections last week, only 20% of the electorate voted. Low turnout was particularly prevalent in the south-west states where demands for autonomy are highest.

However, residents in the more populous north were likely to turn out in full force and ensure the election of the People's Democratic Party. Commentators and activists in Nigeria see former military ruler General Olusegun Obasanjo's victory as assured, but one observer warned that if he were not elected, the Nigerian transition would collapse.

"If Obasanjo, by some miracle, does not emerge as the president, the transition will collapse, because the

AD (Alliance for Democracy) is already committed to restructuring the federation - which is why they got the southern vote by as much as 85% in all south-western states," the observer said.

General Obasanjo, a southerner, has spoken out against restructuring of the federation of 36 states and this has seen his party lose votes in his home area, where he is seen as a traitor.

Aremu Abiodun, executive secretary of the non-governmental organisation Kolagbodi Foundation, which deals with labour research and education, said "This, however, worked in his favour nationally as he is seen as the most 'detrabilised' man in the country. The military, as a structure, is also against restructuring as such restructuring would break the power that the north has in this country through the military, judiciary and the police."

For the military, Mr Abiodun said, the federation and centralised power is the source of their own

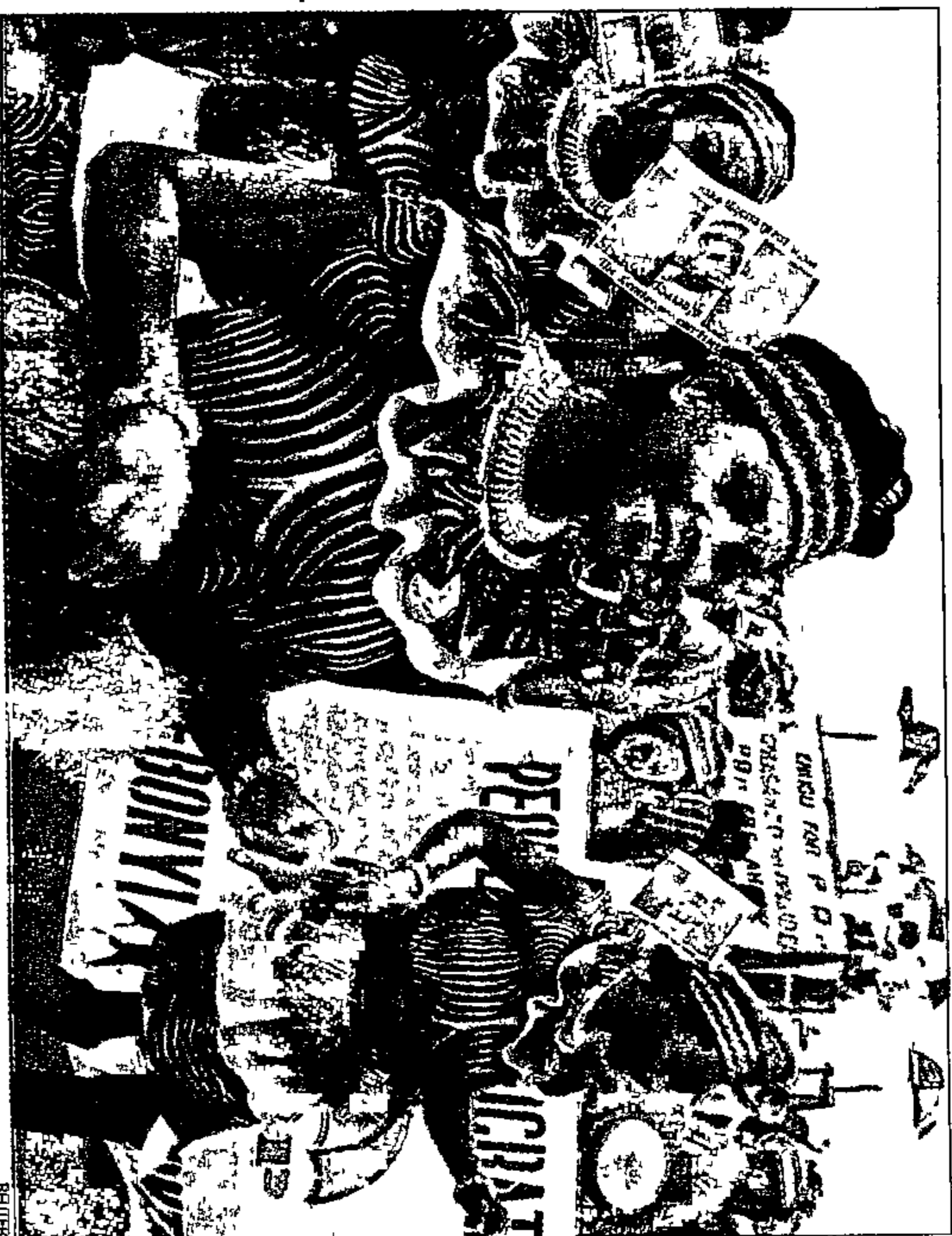
power and control of the country

He felt Mr Obasanjo was preferred by the military, who are managing the process

"As a result, the AD cannot be allowed to win, because if that happened it would be back to the 1993 situation - where the elections were annulled because Abiola had won and was going to be pressured by his constituency to restructure the federation. Abiola could therefore not be allowed to take office, and the same would happen if Obasanjo fails," said Mr Abiodun.

In terms of new regulations promulgated this week, a presidential candidate will need to poll a majority of votes and also get a quarter or more of votes in at least 24 of the 36 states to win.

Human rights activist and lawyer Olisa Agbakoba said he believed the transition would go ahead even if General Obasanjo lost, adding "If they were to abort the transition again, it would be the end of Nigeria."



In election mood: traditional dancers prepare to greet presidential candidate Olusegun Obasanjo at a rally in Igbu, Nigeria

REUTERS

Military looms large over elections

Nigerians go to the polls tomorrow to vote for a president, but there is more to the race than meets the eye, says features editor **Dianna Games**

YOU can never be too Machiavellian in Nigeria. The heady combination of money and power has bred a society where little is taken at face value and conspiracies abound.

There is little that better reflects this than the nation's presidential election in which power struggles and conspiracies have dominated what would otherwise be a simple two-man race for the seat of power in Aso Rock.

The frontrunner is Gen Olusegun Obasanjo whose People's Democratic Party has commanded a strong majority in the three elections held to date — the local government, state and national assembly elections.

His opponent is Olu Falae who, in terms of a curious last-minute election pact between the remaining two parties, is the presidential flagbearer for the All People's Party and his own party the Alliance for Democracy.

For most Nigerians, who go to the polls for the fourth and last time tomorrow to usher in the Fourth Republic, the die is cast.

Obasanjo will win, they say resignedly. He is the man with the money, the influential international connections and the shadowy hand of the powerful northern and military elite egging him on. With that combination, how can he lose, they ask.

Those with their hopes pinned on Falae are bound to be disappointed. Already there is talk of the result being rigged.

President Nelson Mandela's friendship with Obasanjo seems to have put SA firmly into his camp, although this is not the latter's official position.

Obasanjo has not wasted the opportunity in newspaper advertisements, he likened himself to Mandela. They feature a letter sent to him by Mandela when he was jailed in 1955 for allegedly plotting a coup. It reads "Nelson Mandela and Olusegun Obasanjo have a lot in common. Both are the most famous ex-prisoners of our generation. Both are crusaders for democracy, freedom and



Olusegun Obasanjo — cannot afford to lose

human rights. Both are super statesmen and world leaders."

Falae, who agreed to a brief audience in Lagos this week, had only one thing to say: "Obasanjo is the man of SA and the international community. I am the man of the people." Asked if this meant he felt SA was against him, he simply stated that Obasanjo was Mandela's friend. In the unlikely event that he wins the election, this perception does not bode well for relations between the two continental powers.

Falae is an unknown quantity outside Nigeria but has featured prominently in its recent politics. He is an economist and banker who was a finance minister in a previous government. The main blot in his copy-book was that he introduced the structural adjustment programme which was hijacked immediately by the corrupt military regime

of the time and became hugely unpopular.

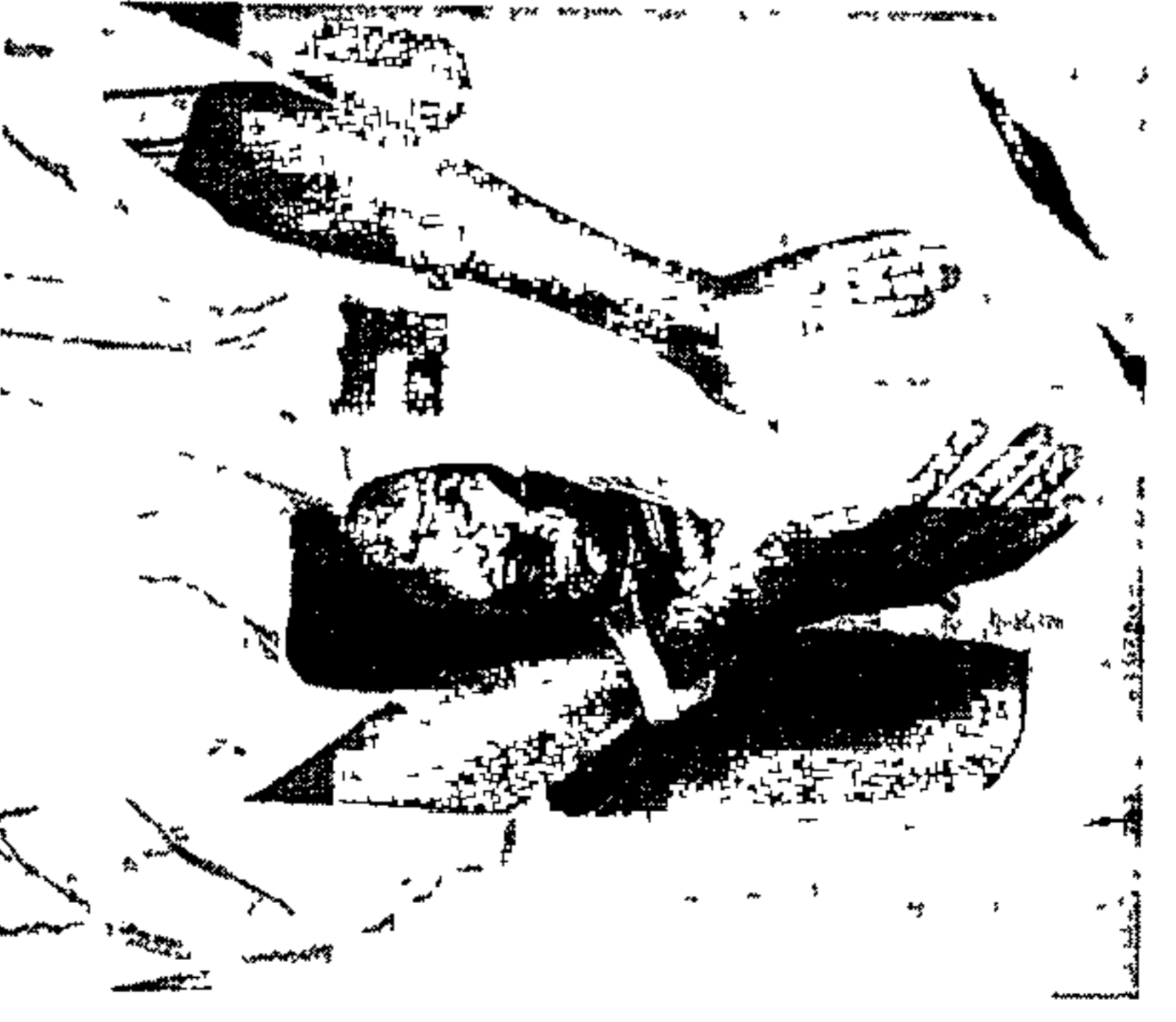
He entered politics in 1991 as a presidential aspirant of the Social Democratic Party. His career was temporarily dashed when the 1993 election was annulled and Gen Sani Abacha seized power and disbanded all political parties. He was later arrested and detained for more than a year.

It counts in his favour that he is from the southwest, which is finally being allowed — at least on the surface — a shot at the presidency, and where he commands considerable support. Obasanjo is also from the southwest but has little support there and is widely supported in the north.

In the shadowy world of Nigerian politics, there are layers of conspiracies. The main question seems to be more of how the military, and with it the north, will keep its hold on power than whether it will. All Nigerian heads of state, and all but one defence minister, have come from the north.

The only exception was Obasanjo, a career soldier. Much has been made of this fact. However, his ascent to the most powerful seat in the land was accidental. To pacify the Yorubas, he was made second in command to the military ruler at the time, Gen Muritala Muhammed, who seized power in a coup d'état in 1975.

Seven months later Muhammed was assassinated in a Lagos traffic jam and Obasanjo took over. After elections in 1979, Obasanjo handed over to the civilian government of Shehu Shagari. He is credited with being the only soldier to hand over power to a civilian government, though sceptical Nigerians believe Obasanjo, surrounded by northerners, had no choice and in fact handed power back to a northerner. He is also credited with run-



Olu Falae — is he fighting a rigged election?

ning an efficient government. This is not disputed, but he took over a strong economy buoyed by the oil boom of the late 1970s. He has now promised to return the country to the glory of his previous tenure.

This has not impressed many Nigerians who have for years suffered the daily grind of power cuts, fuel shortages, lack of running water, massive poverty and unemployment, chaotic cities, inflation and pollution.

Obasanjo's military credentials are up- permost in people's minds. For some, this is his advantage. They say he is someone who knows the military and thus will be able to deal with them more effectively.

The reality is that when the new president steps into Abuja in May, he will be dependent on the long-serving operatives of the state security service, the directorate of military intelligence and the police force —

all of which are firmly entrenched with military in Nigeria.

Behind the machinations of the presidential race, one man's name keeps appearing which lends credence to the conspiracy theories — Gen Ibrahim Babangida, one of Nigeria's most corrupt politicians.

Falae is tainted with having had Babangida who took over in a military coup in 1985, as his direct boss for five years.

However, this time it is Obasanjo's name that has been most closely associated with him. After he was released from jail Babangida was one of his first visitors. It is widely believed that he is pouring money into Obasanjo's campaign. When Obasanjo donated millions of dollars to his party, people asked where a chicken farmer who had just been released from jail had found that kind of money.

Babangida is believed to be richer than Nigeria itself by virtue of skimming off at least \$4bn in oil revenues, believed to be part of \$12.4bn accruing from oil sales.

He was closely connected to the debacle that was the 1993 election. He presided over an eight-year transition programme only to annul the election when it emerged that Moshhood Abiola appeared to have won. This paved the way for a coup led by Gen Sani Abacha, who then imprisoned Abiola for treason.

His term in office is known as the most wasteful and corrupt of all the military regimes. He has not strayed far from the seat of power. He was called to help the family when Abacha died, he is credited with ensuring current ruler Abdulsalam Abubakar, his cousin, succeeded Abacha, and there is already speculation that he has lent support to Obasanjo to succeed him later. One newspaper called it a "gentleman's agreement" between the two generals.

Whether in or out of uniform the military is a fundamental part of the establishment. Whatever happens tomorrow, it will be just the first step in the long, hard battle to dismantle the structures that have so firmly kept this elite in power for so long.

Nigerians say 'yes' to democracy

NIGERIANS voted in an orderly presidential election yesterday to end a crippling 15-year stretch of military rule in Africa's most populous nation

Up to 40 million voters chose between former military ruler General Olusegun Obasanjo, who relinquished power for the last elected president in 1979, and former Finance Minister Olu Falae

Queues formed early at polling stations in many parts of the West African country of 108 million and counting started as soon as voting ended at 2 30pm yesterday. First results are expected early today, said an electoral commission spokesman

"With what I have seen, I am very happy with the turnout. I believe we have come a long way," said military leader General Abdulsalam Abubakar, who has promised to hand over power to the winner on May 29

Both contestants are Christians and ethnic Yorubas from the south-west, and the outcome will mean a shift of power from the largely Muslim and Hausa-speaking north

Obasanjo is favoured to win after his People's Democratic Party swept recent lo-

cal, state and national assembly polls. Falae stands for the All People's Party in a shaky electoral pact with his own party, the Alliance for Democracy

Early unofficial results from a handful of stations suggested a tight race, with the alliance making ground in a few People's Democratic Party strongholds

"We are hopeful the transition to democracy will be smooth and Nigeria will once again regain its former glory," Obasanjo told reporters as he cast his vote

Falae echoed those sentiments, saying he would be the first to congratulate Obasanjo "if the election is free and fair"

The vote is being monitored by foreign observers, who say it is a crucial event in Nigeria's quest to break the grip of the military who have ruled for all but 10 years since independence from Britain in 1960

"It's a historic day, a momentous day for all Nigerians and a great day for democracy in Nigeria," said former chairman of the US Joint Chiefs of Staff General Colin Powell, who co-leads a US observer group with former President Jimmy Carter

The electoral commission, meanwhile, said extreme measures were taken after observers spotted party supporters stuffing ballot boxes and fiddling figures at last week's national assembly elections

No major group threatened to disrupt the vote, which many said was one of the most orderly in Nigeria's troubled history of attempts at establishing democracy. A successful poll is necessary for Nigeria to regain international respect and financial assistance after years as a pariah, following the nullification of an election six years ago.

The annulment of the 1993 presidential election, as tycoon Moshood Abiola was coasting to victory, threatened to tear the country apart

Yesterday's election would not have been possible but for the sudden death in June of General Sani Abacha, an infantry officer who seized power in the chaos following the annulment and went on to rule with an iron fist, brooking no opposition. Abiola died in prison one month after Abacha, and the death of the two antagonists cleared the path for another attempt at restoring democracy — Reuters

ST 28/2/99 (226)

CT 11/3/99

Nigerian poll results 'rigged'

ABUJA: A top aide to Nigerian presidential candidate Olu Falae said yesterday that Saturday's election was "completely rigged" and that Falae plans to contest the election results

The announcement cast a shadow over an election that had been billed as a rare chance to bring democracy to Africa's most-populous country after 15 years of military rule

The presidential election was the third-ever in Nigerian history

Falae and top officials in his Alliance for Democracy party — as well as the All Peoples Party that backed his candidacy — were heading to Abuja to meet election officials

The surprise announcement came as Nigerian election officials announced that Falae's opponent, Olusegun Obasanjo, a former military ruler seeking a civilian comeback 20 years after leaving power, had pulled further into the lead

By late yesterday, Obasanjo had captured 61% of the vote with 29 of Nigeria's 36 states and the federal capital reporting.

The announcement from Falae's camp followed reports by international observers of serious voting irregularities. — Sapa-AP

● See Page 9

OBSERVERS EXPRESS CONCERN OVER VOTE RIGGING

Obasanjo wins disputed poll

OT 11/3/99 (226)

LAGOS: Nigeria stumbled in its hopeful stride towards democracy when the losing party in the elections cried foul yesterday.

NIGERIA'S former military ruler, Olusegun Obasanjo, was certain to win the power he relinquished 20 years ago after presidential election results were announced yesterday from most parts of the country.

But opponent Olu Falae has disputed the results, which showed him to be more than seven million votes behind after 27 million ballot papers had been counted from 33 of Nigeria's 36 states.

Foreign observers expressed serious concerns over rigging at the ballot on Saturday, but singled out neither camp as particular cheats in the voting to end 15 years of crippling military rule in Africa's most populous nation.

"I said if General Obasanjo won a free and fair election I would congratulate him, but clearly this is not a free and fair election," Falae said.

Ayo Opatokun, a prominent member of the Alliance for Democracy, which supported Falae in Saturday's poll, said the results were "outrageous and fantastic" and walked out of the official compilation of results. Earlier, Falae's political secretary, Sunday Durodola, said the former minister had been a victim of wide-scale fraud in eastern areas of the country.

Supporters of Obasanjo's bid dashed to the capital Abuja to prepare for celebrations and to discuss their moves ahead of May 29, the date on which military ruler Abdulsalamu Abubakar has pledged he will step down.



CALLING FOUL: Presidential candidate Olu Falae who said yesterday he would challenge the results of the election

They said they were not overly disturbed that Falae's comments would prevent the Independent National Electoral Commission's (INEC) pronouncement of Obasanjo as the winner.

"We are treating it as a major irritation, but apart from that we expect a response to come from INEC. Then we will respond. The criticism as such is not of us, but of the INEC," one of Obasanjo's closest aides said.

Obasanjo was elated and receiving congratulations from around the country, an aide at the general's home said.

"The most single serious problem was incompatibility between the number of voters observed by us at polling stations and the number of votes reported," said former US president Jimmy Carter, the highest-profiled of the monitors.

If Falae wanted to appeal he would have to go through the courts, Carter said.

Foreign approval for the election is essential for Nigeria, which is trying to regain world respect after years of human rights abuses and corruption and desperately needs foreign financing after a collapse in world oil prices.

Obasanjo dominated the vote outside the ethnic Yoruba south-west, a homeland he shares with Falae and Moshood Abiola, the presumed winner of the annulled 1993 elections and who died in detention last year.

The need to appease Yoruba sensibilities was behind the decision to put up candidates from their region in the election, which marks a power shift from the conservative Muslim Hausa-speaking north.

Despite Falae's fighting words, the mood in his hometown was more of resignation than defiance.

"I support Falae, but if the results show Obasanjo has won, then so be it," said Ezekiel Adetunji, one of his militants.

As widely expected, Obasanjo did particularly well in the north, which has dominated Nigerian political life since independence from Britain in 1960.

Policy issues played little part in the election, with both parties promising to revitalise Nigeria. Embezzlement and mismanagement under a string of military rulers have ruined the economy and left most Nigerians impoverished.

The vote capped a plan by Abubakar, a career officer, to restore democracy after he assumed power following the death last June of dictator Sani Abacha. Abacha had seized power in 1993 amid the chaos following the annulment of elections. Abiola was about to win. He detained Obasanjo and Falae for opposing him.

Abiola died in prison a month after Abacha's death. The demise of these bitter antagonists cleared the way for another attempt to restore democracy — Reuters, Sapa-AFP.

Obasanjo sweeps to poll win

Former military ruler looked set last night for an easy victory in Nigeria's historic election, as opposition politicians protested at irregularities

SAPA-AFP
Lagos

Former military ruler Olusegun Obasanjo yesterday looked set to return to power in Nigeria, 20 years after leaving office, with an almost unassailable lead in presidential elections but his opponent's supporters claimed there had been irregularities.

Obasanjo (61), an internationally known figure who as a military officer ran Nigeria from 1976 to 1979, had won 14.5 million out of 23.9 million votes counted against 9.4 million for former finance minister Olu Falae, with results in from 30 states election agency officials said.

Falae's supporters disputed the results but said no decision had been made on whether to challenge them in court.

Ayo Opadokun a prominent member of the Alliance for Democracy, which supported Falae in Saturday's poll said the results were "outrageous and fantastic" and walked out of the official compilation of results.

Opadokun said Falae had not yet decided whether to accept the results. "Democracy will prevail no matter how long it takes," he added.

Earlier Falae's political secretary, Sunday Durodola, said the former minister had been a victim of widespread fraud in eastern areas of the country.

"In most places, especially in the east, the election had been completed before it started. The vote was completely rigged," he told Sapa AFP by telephone.

"We have not got a free and fair election," he said, adding that he thought Falae would contest the results.

"Yesterday people lined up before 8 o'clock and were told that the election was already over. I think he (Falae) will contest this," said Durodola.

Millions of Nigerians turned out on Saturday to vote for a new civilian president, seeking



DANNY WILCOX FRAZIER / AP

Eager - Nigerian voters jostle to be first to cast their votes in Abeokuta during the presidential elections.

to end more than 15 years of military rule in Africa's most populous country.

Nigeria's economy has been in decline for more than 20 years, with military misrule and corruption blamed for much of the turmoil. Social tensions have risen, notably in the southern Niger delta region.

Obasanjo, who as a young officer accepted the surrender

of Ibo forces in Nigeria's civil war, was said by his aides to be overjoyed at the results.

General Obasanjo is elated and receiving congratulations from around the country, an aide said by telephone from the general's home. "The early results show a landslide victory for him and his party."

Obasanjo is the candidate of the centre-left Peoples Democ

cratic Party, which won the local state and legislative elections that preceded the presidential vote.

Turnout across the country for the vote on Saturday was reported to be markedly higher than in parliamentary elections last weekend, going as high as 60 or 70% in some polling centres, but lower in others. The north appeared to have

come out strongly in favour of Obasanjo, a southerner who has run the country before without harming northern interests, observers said.

Observers said earlier that the elections had been marred by fraud, particularly in the east and south-east. "We have reports of falsification of the vote and ballot-stuffing into boxes," said

Clement Nwankwo, head of the Transition Monitoring Group. A prominent US monitor, however, said the election was nevertheless too important not to stand.

"Despite troubles plaguing the election the vote was an important step in the transition process," said Ed Royce, head of the Washington based Inter national Republican Institute

Namibian is named Face of Africa

By HELEN GRANGE

Windhoek - Namibia's towering 19-year old beauty Benyinda Mundege was named the new Face of Africa last night in her home town of Windhoek.

She was selected from 12 finalists after a continent wide search for an African born model for the international fashion catwalks.

For Benyinda, a novice model discovered by M Net's Ian Malan at a casting session in Windhoek, it is a triumph after tragedy. Four days ago her 14-year-old sister died suddenly from unknown causes.

As it was announced that she was the winner, Benyinda broke into tears and explained that she was overjoyed at having won the competition. However, only days before, she had been crying as she mourned her sister's death.

Benyinda made the agonising decision to continue in the finals after being encouraged to do so by her family. She will now move to New York and take up a modelling career in which she is guaranteed a three-year contract with Elite Model Management, worth a minimum of R975 000.

It was a victorious night for Southern Africa because Tracy Mainland-Sharf, a 17-year-old South African schoolgirl, was chosen as one of four runners-up.

The others were Miriam Odemba from Tanzania, who at 16 was the youngest contestant; Phine Kamara, a 17-year-old schoolgirl from Abidjan in the Ivory Coast, and Rachada Pako, an 18-year-old from Niger.

Obasanjo faces court fight over poll 'farce'

Former military ruler wins Nigeria's presidency

AKL 1/3/99 (3626)



Nigeria military ruler Abdulsalam Abubakar with former US president Jimmy Carter at the presidential palace in Abuja

REUTERS

Lagos - Former military ruler Olusegun Obasanjo won Nigeria's weekend presidential elections, according to official results, but a court challenge loomed as his opponent called the outcome "a farce".

Mr Obasanjo, 61, won 16,89 million votes against 10,01 million for rival Olu Falae, with 26,9 million valid votes counted by late yesterday.

The former general won in 24 states and Abuja, with 62,7% of the valid ballots, while Mr Falae won in nine states with 37,3% of the vote.

The results were counted locally and have to be verified centrally in the federal capital, Abuja.

Mr Falae said the results were "a farce" and immediately went into a meeting with supporters to decide

whether to mount a legal challenge, according to aides.

The 60-year-old former finance minister was expected to address a press conference today to announce the decision, his aides said.

Electoral officials said the electoral chief, Mr Justice Ephraim Akpata, would announce the verified results this afternoon.

Former US president Jimmy Carter, in Nigeria to monitor the vote, said Mr Falae was considering challenging the vote in Nigeria's supreme court if the locally announced results were all to stand.

"Falae can appeal to the supreme court or to electoral tribunals," said Mr Carter. "Elections could be redone in certain parts."

He confirmed he believed the voting was marred by fraud and said

that in some instances electoral agents had "colluded" with political parties.

Despite the alleged irregularities, however, Mr Carter did not challenge the legitimacy of the results announced by the Independent National Electoral Commission.

Millions of Nigerians turned out to vote for a new civilian president, seeking to end more than 15 years of military rule.

But the elections have been dogged by accusations of fraud, particularly in the east and south-east.

And the figures from some of the states, notably in the delta region, in areas won by Mr Obasanjo, appeared to indicate extensive ballot-stuffing. But international observers appeared unlikely to object to the results. - Sapa-AFP

Obasanjo set to reclaim power

BD 11-99 (226)

LAGOS — Former military ruler Gen Olusegun Obasanjo looks certain to regain the power he relinquished 20 years ago after most of Saturday's Nigerian presidential election results were announced yesterday.

Former finance minister Olu Falae's party said it was withdrawing from counting votes over what it termed "outrageous" problems with the process

Obasanjo's margin over Falae widened to more than 5-million votes after 25-million ballot papers had been counted from 31 of Nigeria's 36 states. Those left to declare were all Obasanjo strongholds

"We cannot be bound by the results released thus far," said Falae's campaign director, Ayo Opakun

Falae described the elections as a farce and said he would not accept the result. He said he would congratulate Obasanjo if he won a free and fair election, "but clearly this is not free and fair"

Foreign observers expressed serious concern about rigging of the ballot on Saturday, but singled out neither camp as particular cheats in the voting to end 15 years of crippling military rule

The significance of Falae's withdrawal from the vote counting is unclear.

Supporters of Obasanjo's bid dashed to the capital, Abuja, to prepare for a party to mark the official announcement and discuss next moves ahead of May 29, the date on which military ruler Gen Abdulsalami Abubakar pledged to step down.

Obasanjo's People's Democratic Party widened its lead by several percentage points compared to recent local, state and national assembly elections in which it secured the majority of the vote.

"I feel fine," Obasanjo said after a church service. He would not predict a final outcome, but his wife Stella said they knew all along the People's Democratic Party was the stronger.

Turnout appeared slightly higher than the 50% of an estimated 40-million voters recorded at previous ballots. International observers expressed concern that more votes were cast than people turned out because electoral officers connived with supporters to stuff ballot boxes

Former US president Jimmy Carter, who jointly led an observer delegation to Nigeria, said "There were some disparities ... Some of the local officials appar-



Nigerian presidential candidate Olusegun Obasanjo and his wife Stella vote in their hometown of Obeokuta in the southwest during Saturday's elections. Picture: AFP

ently permitted exaggerated reports of voter participation and in some cases we witnessed, there were some ballots in the box that were not cast by voters"

Foreign approval for the election is essential for Nigeria, which is trying to regain world respect after years of human rights abuse and corruption and desperately needs foreign financing after a collapse in world oil prices.

Carter said irregularities would affect

the result only if it was a close call.

European Union monitors said the results were in line with the will of the Nigerian people, despite widespread fraud.

Policy issues played little role in the election, with both parties promising to revitalise Nigeria after corruption and mismanagement under a string of military rulers who ruined the economy

A final election result is expected today. — Reuter, Sapa-AFP

Nigeria's election result gets official backing

Claims of ballot manipulation dismissed by observers as insignificant in the overall result

(AAB)
Kwar 2/3/99

By MATHATHA TSEDO
AND REUTERS
Abuja

Nigeria's Independent Electoral Commission yesterday declared for Obasanjo the winner of the weekend's presidential elections designed to end the country's 15-year-old military rule.

In doing so, it dismissed the defeated alliance of the All People's Party and Alliance for Democracy formal objection to the outcome although the door was still open for an investigation of the result.

Obasanjo is now set to become the president of Nigeria's fourth republic. The present military ruler, General Abdulsalam Abubakar took over last year and said he would hand over power to the elected president on May 29.

Abubakar said at the weekend that the president elect would become his understudy between now and the installation which is expected to see over 40 heads of state converge on the capital Abuja.

Abubakar said he would retire at the end of the handover. Only after that would the next phase of democratisation start, when Africa's most populous nation must decide what exactly to do about the military.

Obasanjo was seen as the candidate of the military and was being supported by at least 129 former generals. This support has led to the belief that he would protect the military from probes of power abuse, corruption and atrocities.

Obasanjo representing the People's Democratic Party (PDP) received 18.7 million votes to his opponent's 11.1 million. This represents 63% of the national vote to Olufemi Fajana's 37%. The electoral commission's chairman Justice Ephraim Akpata said the dec-



DAVID GUTENFELDER/AP

Moment of triumph Obasanjo is hugged by family and supporters of the stars at his home after hearing the result of the election

laration of Obasanjo as winner set the stage for "the enthronement of a genuine democratic order in Nigeria".

He said the commission was satisfied the election had been free and fair and cited reports of local and international observers and monitors who had come to the same conclusion.

This was despite isolated incidents of ballot stuffing and other irregularities, which have been attributed to both parties.

But the defeated alliance have challenged the outcome stating in a letter to Akpata it was evident that manipulation of a monumental magni-

tude had occurred and was so national that it threatened the validity of the outcome.

The release of the result means the complaint has been set aside but could still be investigated, once a detailed submission was made. Reacting to the result the PDP said it was pleased with the outcome and

thanked Nigerians and international monitors for a peaceful election.

The party said complaints of rigging should have been made at the local level, where agents of the aggrieved party should have refused to sign the ballot count.

Obasanjo acknowledged mi-

nor irregularities in Saturday's vote but told reporters in Abuja he believed his rivals would "join hands with all of us because at this point in time that is what we need".

The total of more than 28 million ballots cast was several million higher than expected. Star Foreign Service

Obasanjo wins despite (226) et 2/3/99 protests of vote-rigging

ABUJA Nigeria's national electoral commission yesterday proclaimed former military ruler Olusegun Obasanjo the winner of a weekend presidential election, brushing aside protests from the only other candidate

Obasanjo's rival in Saturday's election, Olu Falae, tried to stop the proclamation, alleging poll-rigging

Commission chairman Justice Ephraim Akpata read the full results from Nigeria's 36 states and Abuja, showing the winner polled 18.7 million votes against the loser's 11 million

He said foreign observer teams who monitored the poll had agreed that "the result reflects the wishes of the Nigerian people".

Obasanjo, 61, stepped down two decades ago for an elected president. He will take over again on May 29 when military ruler General Abdulsalam Abubakar leaves office

Obasanjo acknowledged minor

irregularities in the voting but appealed for unity

Foreign acceptance of the election is vital for Africa's most populous nation, hoping finally to cast off its image as a pariah and needing outside funding to cushion the blow of a collapse in world oil prices

The 28 million ballots cast was higher than many expected, given the apparent low turnout in many areas

Former dictator Sani Abacha's sudden death last June, and that of the assumed winner of the 1993 elections, millionaire businessman Moshood Abiola in prison a month later, removed the two protagonists blocking a fresh start at democracy

After succeeding Abacha, Abubakar released Obasanjo, Falae and scores of other political prisoners, and in May promised to step down to make way for the winner of Saturday's election — Reuter

Obasanjo wins, despite objections

All monitoring groups express their concern, and some are challenging the legitimacy of the election

ABUJA — Nigeria's national electoral commission yesterday proclaimed former military ruler Olusegun Obasanjo the winner of the weekend presidential election, brushing aside protests from the only other candidate

"Gen Olusegun Obasanjo, retired, having complied with the law and polled the majority of the vote is hereby declared the winner and returned elected," commission chairman Judge Ephraim Akpata proclaimed in the capital Abuja

Obasanjo's rival, Olu Falae, tried to stop the proclamation, alleging massive poll-rigging. His supporters said they would not accept the verdict, but did not immediately say what they would do.

Akpata read the full results from Nigeria's 36 states and Abuja, showing the winner polled 18,7-million votes against the loser's 11-million.

Akpata said monitors from the European Union, the US, the Commonwealth, Canada, Japan and the Organisation of African Unity agreed that "the result reflects the wishes of the Nigerian people"

Obasanjo, 61, stepped down two decades ago for an elected president. He will take over again on May 29, when military ruler Gen Abdulsalam Abubakar steps down

Obasanjo acknowledged minor irregularities in Saturday's poll, but told reporters in Abuja he believed his rivals would "join hands with all of us because at this point in time that is what we need"

SA applauded Nigeria's return to democracy yesterday and pledged to work closely with newly-elected President Olusegun Obasanjo to strengthen ties between the two countries

"The results of the election now offer the Nigerian people an historic opportunity to reverse the trend of military rule and to firmly entrench a civilian democracy in that country," Foreign



Former US president Jimmy Carter, who headed a delegation observing the elections, shakes hands with Nigerian head of state Abdulsalam Abubakar. Picture AP

International observers expressed concern about cheating, but did not apportion blame to either Obasanjo's People's Democratic Party or Falae's supporters. Foreign acceptance of the election is vital for Africa's most populous nation, hoping finally to cast off its image as a pariah and needing outside funding to cushion the blow of the oil price slump

The total of nearly 30-million ballots cast was several million higher than many observers expected, given the apparent

low turnout in many areas. Suspiciously large numbers of votes, compared with observed turnout, were seen from southwestern Lagos, a Falae stronghold, as well as in Obasanjo's core regions of support in northern and southeastern Nigeria.

"We are seriously concerned," European Union monitors said in a statement. "We have no proof, however, that there was a systematic attempt to rig the results at state or national levels."

Nigeria's main election observer team

SA applauds country's return to democracy

Minister Alfred Nzo said Nzo said he looked forward to welcoming Nigeria back into the Commonwealth in due course

On Monday Obasanjo, a former military ruler of Nigeria, was proclaimed winner of Saturday's presidential election

Abacha executed nine leaders of the opposition, including writer Ken Saro-Wiwa, despite public appeals for clemency.

The sanctions campaign failed to take off as Europe and the US, Nigeria's biggest customers, were reluctant to impose an embargo on the country

Following Abacha's death, Mandela invited Abacha's successor, Gen Abdulsalam Abubakar, to SA.

Mandela promised to renew ties with Nigeria as it moved towards civilian rule. — Reuters

(226)
BD 2/3/99

Rights issue in Coca-Cola company: first sign of new investment climate

Obasanjo vows to lure investment

FROM REUTERS

Abuja — Olusegun Obasanjo, the Nigerian president-elect, yesterday promised to eliminate obstacles to local and foreign private investment in his first speech since his election on Saturday.

"I want to take this opportunity to acknowledge our foreign friends are welcome to join in our endeavour to develop the resources of our country for the benefit of our people and those who invest in our people," he said.

Obasanjo is expected to take office on May 29, when General Abdulsalamu Abubakar steps down to end a 15-year stretch of military rule.

A clear idea of Obasanjo's policies is keenly awaited by economic opera-

tors who remember his last period in office, before he stepped down for an elected president in 1979, as a time of increased state intervention.

Years of military misrule have left Nigerians worse off than they were at independence from Britain in 1960.

Badly needed foreign financing and debt relief at a time of low world oil prices is dependent on Nigeria continuing to liberalise economic reforms which led to a monitoring agreement with the International Monetary Fund in January.

Key decisions must be taken on privatising dozens of mismanaged state firms that swallow more than \$2 billion a year in subsidies yet leave Nigerians short of fuel, power and communications.

The lifeblood oil industry is also ripe for change, with foreign firms and lending institutions suggesting that to invigorate the industry Nigeria needs to let go some of the equity share in joint ventures it took under Obasanjo in the 1970s.

"We will as soon as possible re-examine our laws and policies and eliminate all obstacles to genuine investment and provide the necessary and conducive environment for private domestic and foreign investment," Obasanjo said.

He also promised to tackle a public sector where inefficiency and corruption have become daily practice.

Meanwhile, Nigeria's Coca-Cola bottling company will undertake the West African country's biggest ever

rights issue following the recent presidential election

Nigerian Bottling Company plans to raise 3.5 billion naira (\$38 million) by selling 218 million shares to existing shareholders at 16,00 naira each from March 15, Investment Banking and Trust Company said.

"The timing of the issue also hints at the company's desire to be at the forefront of new investment and reinvestment activity in the aftermath of a successful democratisation programme," said Ateedo Peterside, the investment bank's chief executive.

Analysts said they believed that in the slightly improved political atmosphere the bottling company's share issue would have a good chance of success.



Olusegun Obasanjo

Obasanjo promises to rebuild battered Nigeria

(226) Mar 3/3/99

Abuja — The retired general who won Nigeria's weekend elections promised yesterday to rebuild the crumbling West African nation, battered for 15 years by successive military rulers

Olusegun Obasanjo, who ran Nigeria as a military ruler until stepping aside two decades ago, told crowds in his first post-election speech that he would lead "an open and fair and transparent government"

"Together, we will strive to bequeath to the next generation a truly democratic system of governance for our country," he said to loud applause.

While Obasanjo made promises ranging from better governance to more jobs and foreign investment, he revealed no details. Like the campaign that led up to the election, his motto remains little more than a call for a better Nigeria

Yesterday's talk was billed as Obasanjo's first post-election press conference. The dancers, musicians and women in headscarves celebrating Obasanjo's People's Democratic Party victory with party chants, made it more like a political rally

Obasanjo won Saturday's presidential elections with 63% of the vote. The runner-up, former Finance Minister Olu Falae, has rejected the results. Nigerian and international

monitors have also criticised the election, saying supporters of both candidates engaged in ballot-box stuffing and inflated vote returns

It is unclear whether a cleaner vote would have changed the outcome. Obasanjo was supported by Nigeria's military elite, and his well-financed political machine appeared to quickly overwhelm Falae's

Obasanjo has vowed to fight corruption that has crippled the economy and infrastructure of this oil-rich nation, creating a handful of billionaires while leaving tens of millions of people in poverty

But at a brief question-and-answer session, Obasanjo avoided the question of whether he would set up a South African-style truth and reconciliation commission to investigate the crimes of past regimes

Some of Nigeria's most brutal official acts came during the five-year dictatorship of General Sani Abacha, whose sudden death in June began the transition process that led to Saturday's presidential polling

Obasanjo's three-year military rule ended in 1979 when he handed power to an elected civilian government. The military seized control again in 1983, and has held power ever since — Sapa-AP

Africa looks to Obasanjo to lead by example

Nigeria's new ruler faces formidable challenges. Michael Holman and William Wallis of the Financial Times examine his task

IT IS a measure of Africa's plight that hopes for the continent now seem to rest on Nigeria. Debilitated by decades of mismanagement and corruption, there are doubts the country can manage its own recovery, let alone inspire a continent in crisis.

Yet with SA battling to overcome its apartheid legacy, with Angola back at war, with leaders of the so-called "African renaissance" at each other's throats, and conflict in the Congo sucking in its neighbours — with all this, Africans need Nigeria's new civilian government to succeed almost as much as Nigerians do.

While the world can stand aloof from these far-off disappointments, Nigeria just cannot be ignored. It is too big, its problems too pervasive, its potential too lucrative.

One in six Africans is Nigerian. The country's external debt of \$29bn is large enough to worry creditors. It is the world's 12th biggest oil producer, with huge reserves eyed by multinational heavyweights enough to make Royal Dutch-Shell plan an \$8.5bn investment during the next five to eight years.

Olusegun Obasanjo, the new civilian president, faces a daunting task to bring stability back to Nigeria after 15 years of dictatorship by his fellow soldiers. He must first establish the credibility of his mandate.

Perhaps the most difficult to convince will be his own Yoruba ethnic group, many of whom believe he is a stooge of the northern political and military establishments which bankrolled his campaign and in some minds "predetermined" his success.

The Yoruba voted massively in favour of his opponent, Olu Falae, also one of their own and who has rejected the poll as a "farce". This could lend additional strength to those of them who feel they have little to



Voters wait in line with their registration cards during Saturday's election

Picture AP

gain from remaining within the federation.

He also has to establish his mandate in the oil-rich Niger delta, where the jaw people are up in arms against misrule from Abuja, and against the oil companies, from whom they demand a bigger share of the oil wealth.

In a country that produces 2-million barrels of oil a day, it is a source of huge popular anger that so little of it reaches the petrol pumps. Nigerians are as fed up with having to queue for days in order to fuel their mobility, as they are with the rest of military

rule. Yet oil refineries are at a virtual standstill. Distribution of what little fuel exists is still in the hands of soldiers and their friends.

If a western-backed rescue plan is to be effective, Obasanjo has no time to lose. He has to endorse an agreement with International Monetary Fund, reached by the outgoing military government.

Everything rests on this. Without agreement, no rescheduling of the country's external debt will be possible, and nor will this month's donors' meeting, chaired by the

World Bank, come up with fresh loans.

Meeting the terms means pressing ahead with privatisation of state-owned utilities, as well as the oil refineries; improving the operations of the state-owned oil company and the central bank, and reducing the level of arrears on its external debt, most of which is owed to the Paris club of official creditors.

This may mean having to effect Falae's proposal to sell off part of the government stake in the oil sector — hitherto inconceivable for any Nigerian government, which has used the industry as a source of patronage.

Can Obasanjo do it? One of his strengths is a capacity to win over very different constituencies. As a member of the Commonwealth eminent persons group that visited SA in 1986 he gained the respect of both the white army generals in Pretoria, and won the hearts of the tough street kids of Soweto.

The Afrikaner generals could talk to him as a fellow soldier who had served in the front line of the Batrian war. The children were captivated by a confident, avuncular figure who had visited Nelson Mandela in jail, in a process that helped set in train the talks that contributed to ending apartheid.

As a founder member of Transparency International, the Berlin-based anti-corruption lobby, his promise to weed out corruption carries more weight than if it were to come from just about any other politician. "Corruption is a greater threat to African development than AIDS," he told a conference in Berlin when the movement was launched.

As a member of the informal club of elder statesmen — through which he has forged friendships with Jimmy Carter and Jim Callaghan — he has an understanding and perception of international relations that should stand him in good stead when dealing

with Nigeria's creditors and appealing for fresh funds.

Yet his track record on economic reform is not encouraging. He spoke out against the last reform programme and has been cautious in his comments on the economy during the election campaign.

Nigeria faces two possible outcomes. It could become a country with an enclave economy, in which foreign investors run a profitable oil and gas business, rather like Angola. However the proceeds will be inequitably distributed, siphoned off by a civilian elite in cahoots with the military. It will continue to service only part of its debt — namely the commercial bank debt — and go on running up arrears on Paris Club debt.

Or it could slowly recover from decades of mismanagement and corruption, during which \$280bn in oil revenues have been squandered in the past 25 years. Instead, it could become, as Brian Wilson, the UK trade minister, told a visiting Nigerian ministerial delegation last week, "a powerful, industrialised nation attracting back its educated and entrepreneurial middle classes".

The next three months, in which his relationship with his former comrades in the military will be critical, could be decisive.

Will he turn out, as his critics claim, to be no more than the civilian face of a de facto military regime? True, his campaign was heavily army-financed. Yet maybe only a soldier can deal with an army desperately in need of depoliticising and retraining.

If he can overcome vested interests and form a credible, talented cabinet drawn from people of quality, rather than financial backers, and which bridges regional and ethnic divisions, there may be a chance. It will, however, be long odds and a long hard path.

Nigeria gives impetus to assets privatisation plan

BD 4/3/99 (20b)

ABUJA — Nigeria's military ruler Gen Abdulsalam Abubakar, due to hand over to an elected president on May 29, is pushing ahead with his government's plan to privatise key state power and telecommunications companies

Inaugurating a new national council on privatisation late on Tuesday, Abubakar said the body will drive the implementation of the privatisation and commercialisation programme. It will be chaired by Abubakar's deputy, R-Adm Mike Akhigbe, and include the ministers in charge of finance and planning, the governor of the central bank, the head of the privatisation body, the bureau of public enterprises.

Abubakar said state firms consumed \$2bn annually in subventions, loans, waived taxes and other subsidies from the government. This situation was "clearly unsustainable and unjustifiable in a period of dwindling financial re-

sources" Nigeria, a major oil-producing country with a population of 108-million people, has seen revenues dwindle along with the price of oil.

The power and telecoms utilities are among dozens of ailing state firms earmarked for sale in a process Abubakar aims to make irreversible before the new government of President-elect Olusegun Obasanjo takes over.

Progress on privatisation is one of the key conditions Nigeria must meet to qualify for debt relief assistance from the International Monetary Fund.

Financial advisers were appointed last month to sell 40% stakes to core investors and 20% to the Nigerian public. The government has an average 55% stake in six joint ventures with oil majors producing more than 95% of the country's oil, but only the petroleum downstream sector or refineries is being offered for privatisation currently — Reuter

Death toll rises to 14 since Sunday violence in Lagos

ET 5/3/99. (226)

TOYE OLORI
INDEPENDENT FOREIGN SERVICE

LAGOS The death toll in violent clashes between the police and members of a Pan-Yoruba group here rose to 14 yesterday, with several people seriously injured

A militant faction of the Oodua Peoples Congress (OPC) said they had burnt down three police stations since Sunday, when they burnt down a suburban police station after it became apparent that Olusegun Obasanjo would be elected president of Nigeria

Obasanjo is a Yoruba, but his ethnic group opposed his election as presidential candidate of the People's Democratic Party, describing him as a stooge of the northern oligarchy

Since the latest clashes, which started on Tuesday night, three policemen have also lost their lives

Witnesses said that earlier on Tuesday anti-riot policemen had combed OPC hideouts in Mushin, a volatile suburb of

Lagos, molesting innocent citizens, killing two youths and arresting others who were taken to the state criminal investigation department in another suburb

Trouble started when anti-riot police confronted OPC members heading for the CID headquarters to free their comrades arrested in Sunday's clash in which the first police station was razed

But OPC national co-ordinator Fredrick Faseun said the OPC did not have a policy of "taking on state agents" "We have a stance against the system, not the operatives. It is not an official stance of our organisation to have confrontation with state agents despite the provocation they showed in the later part of 1998"

Faseun, who was detained for 19 months by the late Nigerian dictator Sani Abacha for a spate of bombings in Lagos in 1997, said the mayhem was being caused by a militant OPC faction

"OPC started with very respectable membership. We

had been in existence for over two years when I was arrested and locked up, but during my detention various characters joined the organisation. The organisation became so big that adequate control and management was not an easy task. During the re-organisation process we discovered a trend among those who did not understand the aims and objectives of the organisation

"They think our struggle was a street struggle without focus and when I explained to them that the struggle of OPC had greater focus than they thought, they decided to disagree with the aims and objectives, and a young illiterate man held a press conference and announced to the whole world I had been expelled for preaching peace within the organisation"

Faseun said those who disagreed with the original aims of the organisation had constituted themselves into a breakaway dissident faction unleashing terror and mayhem on citizens in the name of OPC

Union opposes Nigerian oil privatisation

CT(MR) 5/13/99 (226)

FROM REUTERS

Lagos — The white-collar oil workers' union of Nigeria's state-owned oil firm has written to General Abdulsalam Abubakar, the country's military ruler, expressing opposition to the company's planned privatisation

"The general public and especially employees of the NNPC (Nigerian National Petroleum Corporation) are appalled by the current drive of

hastily privatising our national oil corporation," the Pengassan union said in the letter

It said a government plan to sell 40 percent of the firm's holdings to foreign investors while retaining 40 percent and selling 20 percent to the public was shrouded in secrecy and could lead to Nigeria being short-changed of its national wealth

It said the proposal smelled "of a grand plan by a clique to corner our collective wealth

through the back door"

It warned of a possible breakdown of law and order if the privatisation went ahead

NNPC manages the country's 57 percent stake in six joint ventures with oil multinationals that produce over 90 percent of the country's oil. It also has 10 subsidiaries, including refineries, petrochemical and gas plants and an oil products marketing arm

The joint venture stakes are not being considered for sale

Nigerian military frees 33 coup plotters

Obasanjo's presidential victory speeds up the release of jailed senior officers and civilians in a new spirit of reconciliation

ABUJA — Nigeria's military government yesterday ordered the "immediate release" of 33 officers and civilians convicted of plotting coups against the previous regime, including 18 jailed with Olusegun Obasanjo, the man who is now president-elect.

The ruling Provisional Ruling Council met until dawn yesterday to agree to pardon and release those prisoners convicted of taking part in coup plots in 1995 and 1997, said chief of general staff Vice-Adm Mike Akhigbe.

The convictions were controversial in Nigeria, where it was widely suspected that the charges were trumped up or the events staged.

"At this time of our national development a lot has happened. We believe in the spirit of national reconciliation. We want to leave our ugly past," said Akhigbe.

An interior ministry official said "The release will be carried out during the day. It will be carried out with immediate effect. The actual release will be ordered by prison authorities."

The decision by the council, headed by military ruler Gen Abdulsalami Abubakar, should bring to an end the detention of a former military second in command, Lt-Gen Oladipo Dya, and 14 others who were convicted last year of plotting to overthrow the late Gen Sani Abacha in December 1997. Convicted in April 1998 by a military

tribunal for taking part in a plot, six of them were sentenced to death. The sentences were commuted to jail terms last year after Abacha died and was succeeded by Abubakar.

Among those pardoned along with Dya were major-generals Abdulkarim Adisa and Tajudeen Oluarenwaju, both former ministers, and journalist Niran Malaolu whose release has been demanded by international press freedom organisations.

Also pardoned and set for immediate release were 18 military officers, jailed in 1995 on charges of plotting a coup for which president-elect Obasanjo was also jailed. The group, many of them friends of

Obasanjo and his former number two, Shehu Musa Yar'Adua, was jailed together in 1995. Obasanjo was released last June, a week after Abacha died and Abubakar came to power.

Observers believe that Obasanjo's election victory at the weekend has speeded the release of the others.

In the spirit of reconciliation, nine others also jailed in 1995 but released early were given formal pardon, like Obasanjo and others last June.

Charges against five people, wanted but never arrested for involvement in the plot, were withdrawn.

Other charges against one man, Col Ibrahim Yakassal, jailed in connection with the 1997 coup plot, are still in the

process of being investigated.

In an editorial last month, independent newspaper The Guardian called for amnesty to be granted to all of the alleged coup plotters, saying that the trials had been at fault.

Ahead of the return to civilian rule in May, the paper said "Dya and all the others ought to be reintegrated into society. This is the only way to bring about genuine reconciliation."

The case of the coup plotters has been a sensitive one for the Nigerian military rulers, who are now anxious to end an era of coup plots and charges, but are wary not to be seen to be exonerating coup plotters or causing ructions in the military — Sapa-AFP

(276)

Bd 5/3/99

1571(12)

New era for Nigeria is the general's idea

I aim to restore country's dignity – Obasanjo

ARLI 6/3/99 (226)

Lagos

General Olusegun Obasanjo, Nigeria's president-elect, has shed light on his policy, which ranges from alleviating poverty to restoring dignity to the West African country

"Nigerians have borne the frustrations and inconveniences of the past," General Obasanjo told a news conference this week

"The people want me to restore the dignity of our country. They want me to revitalise our political institutions and reinvigorate the economy. They want me to alleviate their poverty and reduce corruption," he said in the capital, Abuja

General Obasanjo, 62, polled 18.7 million votes against 11.1 million for rival Olu Falae in the February 27 presidential polls

The general, who ruled Nigeria between 1976 and 1979, was the country's only military leader to hand over power voluntarily to a civilian government

He said he handed to an elected government in 1979 "a nation with a purpose, a workable constitution, a healthy economy,

the conviction that a government can honour its commitments, an independent and courageous judiciary and a nation that commanded international respect"

"Most of these legacies are there no more," General Obasanjo said "I wish to restore these legacies under a democratic dispensation"

He said once he took office in May, he would form an anti-corruption body to investigate the illegal acquisition of wealth by Nigerians and their foreign partners

"We need an anti-corruption agency with power to seek, to search and to recover both internally and externally," he said

But many doubt whether General Obasanjo will ever succeed in weeding out the culture of corruption from the vast country of 107 million people

"No one in living memory has been jailed for corruption in this country," said a professor of public administration, who refused to be named

He said that although successive governments had paid lip service to stamp out corruption, "it's common knowledge that the

easiest way to get rich is through government appointment"

Unconfirmed reports say General Obasanjo has already been besieged by "a swarm of hangers-on, aides and latter-day friends" garnered during his blitz campaign for the presidency. Many expect to get government posts or contracts

One of the major headaches for General Obasanjo will be raising money for development projects, unless the government of General Abdulsalaam Abubakar speeds up the process of the privatisation of Nigeria's parastatals

"The financial cost is clearly unsustainable and unjustifiable in a period of dwindling financial resources," General Abubakar said when receiving a report on privatisation this week

"For Nigeria to grow, it is necessary that these organisations are able to provide services reliably, efficiently and at affordable prices to our people," said General Abubakar, who has pledged to step down on May 29 after handing over power to the first civilian president in 15 years – Sapa-IPS

The horrors that newly-elected Nigerian ruler General Olesegun Obasanjo experienced as a political prisoner at the hands of Nigeria's former military dictators should guide him in making the right decisions between the interests of his patrons in the military and those of all Nigerians, writes Guinness Chazruke

IT IS a pleasant irony that General Olesegun Obasanjo, the only man to rule Nigeria as a military officer and now a civilian, has at least made an effort to win political power compared with other military leaders before him.

A pragmatic optimist who keenly believes in the potential of human nature for transformation, Obasanjo is not unknown to South Africans. He is perhaps the most familiar Nigerian leader in this part of the globe.

His first visit to South Africa was in 1986 as a member of the Commonwealth Eminent Persons Contact Group, sent to explore the chances for a negotiated end to apartheid.

During that visit in the company of Malcolm Fraser, former prime minister of Australia, he was involved in a funny incident when he was nearly arrested for breaching the colour bar as he tried to use "whites only" facilities. Back home he became a target of intellectual jokes for making a curious suggestion that Africans should use black magic in the fight against apartheid.

Yet there is no doubt that he made a remarkable impression on the ANC leaders he visited on Robben Island, as the relationship between him and some senior ANC members is close and enduring. Soon after his release from detention, South Africa was the first of the few countries he visited apparently for consultations on what his future role in Nigerian politics should be.

It goes without saying that this visit to South Africa soon after his release influenced his decision to run for the office he vacated two decades ago.

Although he denied interest in political office then, this can now be understood as his mastering the first lesson of politics double-speak.

When the former head of state Yakubu Gowon attempted to run for the presidency after having once been kicked out in a palace coup, Obasanjo was reported to have said "What did he forget in the State House that he now wants to go back and collect?"

Thus question is as relevant now to Obasanjo as it then was to Gowon. What did Obasanjo forget in the State House? There are many unfinished jobs he would like to revisit during this second "missionary journey".

Although he has a reputation as an outspoken liberal sensitive to the inequities and sufferings of the underprivileged, there is a powerful conservative element in his character which did and could still hinder his commitment to the type of fundamental changes people are now clamouring for.

While he can take credit for introducing Local Councils, the third tier of a

Obasanjo to face 'unfinished jobs'

CP 7/3/99 (aab)



FORGOT SOMETHING? General Olesegun Obasanjo announces his electoral victory in Abuja capital of Nigeria as his Vice-President elect Abdulkar Atiku looks on. Behind them is the Nigerian coat of arms.

federal state he shied away from shaping the federal structure in such a way that the many ethnic nationalities which make up the Nigerian nation would have a sense of belonging. He thus missed the opportunity to lay an equitable and lasting foundation for a true federation. In the same manner he was not able as head of state to put the economy on a sound footing as he preferred fanciful, white-elephant projects like the National Theatre and Festival Of African Arts and Culture to solid industrial

development that boosts other nations. This is not the time for highfalutin ideas - people want practical solutions to their daily problems. Instead of selecting large schemes that are common in many development programmes, his government should immediately concentrate on policies that can ensure equitable redistribution of resources so that as many members of the society as possible, especially the peasants and the poor, should earn a decent living. Attracting foreign investors which

in turn increases employment opportunities, is just one of the many options. Already South African investors have indicated interest in Nigeria's petroleum, brewery and telecommunications industries. Unfortunately, over the years, we have seen in the African continent what Alexander Pope cynically said of democracy "the madness of many for the benefit of a few". When a few begin to accumulate the benefits that should ordinarily be shared by all this amounts to indugent colonialism, which is of course primitive, insensitive, and cruel in the extreme. Obasanjo, who as a soldier took the battlefield surrender of the liberation forces in the Biafran War of 1967-1970, has the onerous duty of ensuring unity in diversity, not the unity of Jonah and the whale. ■ Guinness Chazruke is a Nigerian citizen who is currently also a legal researcher at the Human Rights Institute of South Africa in Johannesburg

BOOK OF THE WEEK

Lagos bourse in major face-lift

Brokers hope revamp will kick-start performance

William Wallis

Financial Times

LAGOS — Stockbrokers feel the time has come for Nigeria to live up to its potential as the region's largest market. About 120 Lagos stockbrokers have contributed \$10 000 each to banish the classroom feel of the trading floor, equipping it with new furnishings and an electronic trading system that should be operational by April.

The end to a 15-year succession of corrupt military regimes is in sight following the election last week of a civilian president, Gen Olusegun Obasanjo, and brokers hope that will boost equity investment, inspire confidence among overseas investors and help reverse a stockmarket slide that has seen almost everyone take losses since early 1997.

However, hope of a rapid market recovery is as fragile as the prospects of civilian rule bringing the political stability required at a time of economic crisis.

Since the beginning of the year, the all share index has hovered at about 5 500, down 36% from its high in 1997. This reflects a steep overall decline in corporate earnings since the mid-1990s. A survey of corporate turnover and earnings, based on the results of 45 listed nonfinancial companies between 1993 and last year, shows that while sales have virtually trebled, earnings rose just 14%. Since 1995, after-tax profits are down more than 40%.

There are signs of returning confidence, however. For instance, Nigeria Bottling Company's planned rights offer

next month is the stockmarket's largest to date at \$41m.

The most exciting development for the bourse is the privatisation programme initiated by the military administration of Abdulsalami Abubakar. The plan is to sell off the largest (and most mismanaged) state industries including the telecommunications group, Nitel, power company Nepa, fertiliser plant Nafcon; and oil refineries. If the right foreign partners are found, the programme could bring the biggest inflow of foreign investment the country has seen outside the upstream oil industry, Nigeria's dominant foreign exchange earner.

It should also improve efficiency of the main utilities, providing long-term benefits for companies that have been crippled by recurrent fuel shortages and the collapse of infrastructure. However, delays in the privatisation programme mean that the main boost for the bourse this year is likely to come from the flotation of residual government-owned shares in some of the smaller companies.

Brokers believe shares in cement manufacturing, fuel distribution and banks could bring in up to \$150m. Much will depend on the civilian government's ability to provide decisive leadership. The successful People's Democratic Party gave little indication of its economic policy intentions during hurried election campaigning, although the failings of state industry have brought broad public support for privatisation in particular and market liberalisation in general.

BD 9/13/99

226

Kingsley Kubeyinje

LAGOS — Eskom and Nigeria's state-owned National Electric Power Authority (Nepa) have announced plans to co-operate in four areas.

A communiqué signed by Eskom chairman Reuel Khoza and Nepa MD Hamzat Ibrahim said the two would co-operate in the areas of investment opportunities, commercial services, exchange of information and sharing of experiences, and training.

On information exchange, the two agreed to exchange technical information as well as to share experiences regarding prepaid meters, research and development, co-operation with neighbouring countries on supply issues, rural electrification, and reduction of distribution losses.

They also agreed to share training materials and techniques, as well as to enable staff members to learn from each other's institution.

Eskom and Nepa decided to provide consulting services to each other, and to help each other with maintenance and construction jobs as well as management of transmission systems.

They agreed to identify or share investment opportunities. However, they did not supply details other than to say these would be "allied to each utility's benefit most from it."

strengths and capabilities". The communiqué said Eskom and Nepa agreed that energy production was a necessity for Africa's economic development, and for the achievement of an "African renaissance", which addressed local needs.

Adeniyi welcomed the decision to co-operate and said Nepa stood to benefit most from it.

Eskom Nepa agreement announced

He said it was more beneficial for Nepa to co-operate with Eskom than with European organisations. "Eskom's experience is African and will readily fit into ours," he said. Equipment sourced from Eskom would also readily fit into Nepa's system. Power cuts are a regular feature in Nigeria, and Nepa is one of the more than 36 loss-making public utilities which the Nigerian government has earmarked for privatisation. Last week the government granted Nepa a large sum to revive its ailing plants.

Nigeria reverses decision on advisers

Kingsley Kubeyinje

LAGOS — Nigeria's privatisation programme has been set back by the government's decision to nullify the appointment of 50 advisers and consultants selected to help organisations earmarked for privatisation

The advisers and consultants, mostly foreigners, were selected last year by the Bureau for Public Enterprises, which was set up by the state to implement decisions on privatisation. The bureau appointed the advisers and consultants to provide technical expertise, as well as to guide the privatisation of the public utilities.

Vice-Adm Mike Akhigbe, Nigeria's deputy military leader, said in Abuja the bureau had no authority to appoint advisers and investors for the affected enterprises.

BD 15/3/99 (226)
He said government was determined to proceed with the privatisation exercise with "utmost accountability and responsibility", setting the right process in motion.

Meanwhile, Nigeria's largest political party, the People's Democratic Party, has cautioned the military government to be cautious in privatising the state-owned corporations. The party that will form the next government on May 29 has urged government to leave the exercise for the incoming administration.

The government's decision to nullify the appointments has been slammed by some operators in the private sector. Investment banker Ganiyu Aliu said the move could convey the wrong signals, especially to those would-be investors in the enterprises. Economist John Fadu said "We have sent out the wrong signal."

Lagos hands out choice oil blocks to local firms (226)

19/9/99

LAGOS — Nigeria's military rulers have quietly allotted 10 of its most promising deepwater oil prospecting blocks to local entrepreneurs, government officials and industry sources said yesterday.

Officials at the petroleum resources department in Lagos confirmed local newspaper reports that the highly sought after ultra deep blocks — mostly in water depths of about 2 000m — were awarded last week.

The independent Guardian newspaper said there were indications some of the companies awarded blocks were linked to retired and serving officers who played a part in Gen Abdulsalam Abubakar's plan to restore democracy on May 29.

"There was no bidding. The blocks were allocated directly to indigenous entrepreneurs," said an official from the department's offices in Lagos.

The concessions lie in one of the world's most promising exploration areas, adjacent to blocks where Royal Dutch-Shell, Texaco, Statoil and Agip have each discovered hundreds of millions of barrels of crude.

Most of the winners are complete unknowns to the oil industry, and were not part of awards by previous military governments, which started a process of trying to increase the Nigerian role in the industry by handing out blocks to local businessmen.

"I can confirm we have got one of the new blocks," said an official with Amri International, which currently produces about 16 000 barrels of crude a day — making it Nigeria's most successful private local operator.

Squeezed out were the multinationals who operate joint ventures with the state-run Nigerian National Petroleum Corporation, by which more than 2-million barrels a day are produced, accounting for 90% of Nigerian oil exports.

The major developers had had an eye on the fresh concessions for a long time.

Executives with the multinationals said it was inevitable that the firms would need foreign technical partners and probably substantial outside financing for the vast investment needed to explore the blocks, let alone develop them.

Each firm will have to pay a signature bonus of \$20m for a block and agree on terms for a production sharing contract with the government.

Among the blocks awarded are some which had originally been assigned to cronies of dictator Sani Abacha, but were cancelled shortly after Abubakar took office following Abacha's sudden death last June.

Abubakar is expected to step down on May 29 for Gen Olusegun Obasanjo, a former military ruler who won the presidential election in February.

Government officials said oil prospecting licence blocks awarded were 242, 243, 244, 245, 246, 248, 249, 250, 314 and 315 — Reuter.

Nigerian president-elect gears up for privatisation

FROM DOW JONES

CT (BR) 23/3/99 (226)

Ibadan — Olusegun Obasanjo, Nigeria's president-elect, said he was open to further privatisation, but "sales of state run companies must be handled cautiously and transparently"

"Where privatisation has worked, it was done with openness," he said, adding that privatisation should not be rushed "We must know a reasonable true value of what we are privatising"

Several public sector companies in Nigeria have already been earmarked for privatisation, including the national telecommunications and electricity companies

Obasanjo, a retired general who ruled Nigeria in the late 1970s, is due to take over the reins of power at the end of May as head of the country's first civilian government in 15 years

During his election campaign last month, Obasanjo avoided giving a clear indication of what his economic policies would be

Last week he met Michel Camdessus, the managing director of the International Monetary Fund (IMF), promising his new government would work with the IMF

Nigeria, which signed a "shadow programme" with the IMF last January, needs the fund's help to secure relief on its \$30 billion external debt

Nigeria looks set to bite IMF bullet

Obasanjo hints at co-operation with fund amid fears that the country's foreign reserves are running dry

(226)
BD 23/3/99

William Wallis

Financial Times

LAGOS.— The prospect of Nigeria reaching an agreement with the International Monetary Fund (IMF) improved at the weekend when Gen Olusegun Obasanjo, the president-elect, said he would be prepared to work with the institution in exchange for debt relief.

But the new Obasanjo, who will take office on May 29 after winning last month's presidential elections, has given no indication of whether he would accept plans by the outgoing military administration to bring Nigeria back into the IMF fold after 10 years of ruptured relations.

The first hint that he might be suscep-

tible to the arguments of a reform lobby that sees international financial backing as vital to Nigeria's nascent democracy came as he cut short a European tour to fly back to meet visiting IMF MD Michel Camdessus.

Adherence to the proposed IMF programme could qualify Nigeria for fresh loans of \$1.5bn over three years and the possibility of the rescheduling of its external debt, estimated at \$29bn.

But Obasanjo will first have to move rapidly to meet tough conditions, including public auditing of the Nigerian National Petroleum Corporation and the central bank. He will also have to continue reforms initiated by the outgoing administration, which include plans to sell off ail-

ing state-owned industries.

Camdessus said discussions on debt relief could begin as early as July if Obasanjo was prepared to meet the IMF's stringent conditions.

"As soon as Nigeria demonstrates that it is fully committed to reform and adherence to the terms of the staff-monitored programme, the IMF would quickly, I would say instantly if I can, move towards consideration of a full three-year programme with appropriate sorts of financing," Camdessus said.

"This would open the way to discussion with the Paris Club over alleviation of national public debt, and we will be there advocating your case."

The relief on offer is modest given the

extent of the economic crisis after 15 years of disastrous military rule, and the recent slump in the price of oil, Nigeria's principal export earner.

But it could help in bridging a budget deficit this year which, it is estimated, could reach about \$3.9bn.

Finance officials fear that by the time Obasanjo takes over, foreign exchange reserves will be drawn down by more than half the \$6m now available and that he will have little real choice but to bite the IMF bullet.

Obasanjo told Camdessus "We don't believe democracy will be sustained with the burden of debt we have now."

Obasanjo is now in London for talks with British Prime Minister Tony Blair

Repeal of laws seeks to encourage competition

Kingsley Kubeyinje

(226)

LAGOS — The Nigerian government has repealed 22 laws and legal instruments considered to be inhibiting competition in some sectors of the economy

National Planning Minister Rasheed Gbadosi told seminar participants in the area of Kaduna the measures would ensure that state-owned enterprises did not enjoy any unfair advantages over their counterparts in the private sector

DD 24/2/99

He explained that the comprehensive review of the laws had been undertaken to create an enabling environment for foreign investment, particularly in the areas of petroleum, solid minerals, electricity generation, telecommunications and tourism

Gbadosi said foreign investment was now allowed in all sectors of the Nigerian economy, except for defence.

The minister, however, did not list all the laws which had been repealed

He said Nigeria's economy was experiencing a declining inflation rate, now in single digits, and a stable exchange rate

The elimination of a dual exchange rate in the country had created an equitable playing field for all operators, he said

Apart from providing infrastructure, the government was intensifying its efforts to sign the Investment and Promotion and Protection Agreements with many countries

"This is an effort to assure foreign investors of the safety of their investment in Nigeria," he said

Meanwhile, the government said earlier that a decree which would spell out the framework for its planned privatisation of more than 36 government outfits was being prepared by officials

"The decree will be out soon," said an official in the office of Vice-Admiral Akhigbe, the Nigerian deputy military leader

Nigeria's offshore oil opens to developers

ET (OR) 29/3/99 (226)

FROM REUTERS

Abuja — General Abdulsalam Abubakar, Nigeria's outgoing president, had signed a decree on exploiting deep offshore oil concessions, vital for the development of vast new reserves, the military government said on Friday

His signature had been keenly awaited by Royal Dutch/Shell, whose \$8.5 billion oil and gas investment strategy over the next decade is dependent on legal approval

The attorney-general said the decree had been signed on March 23 "to give legislative effect to the fiscal incentives given to the oil and gas companies operating in the deep offshore and inland basin areas under production sharing contracts"

The decree should allow development of Shell's huge Bonga field, which is estimated to be capable of producing 350 000 barrels of crude a day (bpd)

Nigeria's total output is less than 2 million bpd

The US's Texaco, France's Elf-

Aquitaine, Norway's Statoil and Italy's Agip have also discovered hundreds of million of barrels of reserves in waters estimated by industry sources to hold between 8 billion and 20 billion barrels

The statement from the attorney general did not say exactly what terms had been agreed on for the production-sharing contracts

But Vice Admiral Okhai Akhigbe, Nigeria's second highest official, said they were generally the same as those agreed in 1993. Those terms were widely regarded as favourable to the industry

Industry analysts predict that development in deep offshore waters could mean a bonanza for Nigeria's rulers in five to 10 years, even if prices rise little above recent 12-year lows

The deep waters are also far from the community disturbances which have plagued oil production over the past year, especially in the populated Niger Delta where most crude is produced

Development could mean a bonanza, even if prices rise little above recent lows

□ CONSTRUCTION

OT (M) 30/3/99

Julius Berger Nigeria wins €132,9m deal

The Nigerian associate of Bilfinger und Berger, the German construction group, had won a contract worth €132,9 million (about R890,8 million) to build the new headquarters of the Nigerian central bank in Abuja, the German company said yesterday.

Julius Berger Nigeria, which is 40 percent owned by the German group, would build the new 14-storey building, Bilfinger und Berger said. Julius Berger Nigeria is already involved in the renovation of Abuja's airport. Bilfinger und Berger said it continued to see good prospects in Nigeria, which is one of its traditional overseas markets. It said democratisation would have a good effect on business — AFP, Mannheim, Germany.

(206)

Nigerians to seek solid minerals investors in SA

BD 30/3/99 (226)

Kingsley Kubeyinje

LAGOS — Buoyed by the sale of \$92.6m in gemstones, the Solid Minerals Association of Nigeria is raising a top-level team to visit SA next month to seek investors for Nigeria's solid minerals subsector

Association national co-ordinator Gowin Adzuana said the delegation, also to visit the US, Brazil, Canada, Switzerland, Germany and Mexico, would seek co-operation and partnerships

At a recent auction sale of gemstones and aesthetic rocks in Lagos, the solid minerals association netted more than \$500 000 in the first hour "This was most encouraging. It is a sign of the positive effect the solid minerals sector will have on the economy in the next millennium," Adzuana said.

He said a total of \$92.6m had been made since the auction, which was part of a programme which started last February to publicise Nigeria's solid mineral potential. He said big mining and exploration companies from UK, Canada and SA had shown enthusiasm about investing in

Nigeria's solid minerals subsector.

Following an international conference on solid minerals held in SA last year, a number of foreign investors had visited Nigeria to hold talks with the ministry

The director of mines in the solid minerals ministry, Bakari Usman, said foreign investors interested in solid minerals had been waiting for Nigeria's political climate to improve. He said most investors were interested in gold

"Nigeria is blessed with some good gold deposits. The whole of its western zone is regarded as a gold zone," he said

Usman put the projected earnings from the more than 20 solid minerals found in commercial quantities in the country at more than \$30bn a year

The subsector could, he said, provide work for about 200 000 skilled employees, including ecologists, geophysicists, and exploration and mining engineers

Adzuana praised the government for developing a clear solid minerals policy, and said it would aid in creating an enabling environment for local and foreign investments in the subsector

REST OF AFRICA

Privatisation falters in Nigeria

William Wallis

Financial Times

Obasanjo's camp scoffs at state sell-off although it is vital to IMF support

LAGOS — When officials of Nigeria's state electricity company, Nepra, were asked the cause of a recent nationwide power cut, their response was to remain silent.

Was it the storms raging outside? Or was this the swan song of the last functioning gas turbines at a thermal plant?

At Nepra headquarters in the commercial capital, Lagos, officials passed the question up and down the stairwell. The roar of a diesel generator defeated their attempts to convince that all was well.

To make up for the failures of the national electricity grid, Nigerian business is spending millions on fuel for generators. The state cannot afford even basic maintenance of collapsing utilities.

If an increasing number of Nigerians, including military ruler Gen Abdulsalam Abubakar, now favour privatisation as the route out of the economic cul-de-sac, a diminishing number can explain how and when it will take place.

Ten months after Abubakar took office and pledged to sell off or commercialise more than 40 state-owned companies, his programme is in limbo. The plan was ambitious to make irreversible progress to-

wards the commercialisation of key utilities, symbolically sell smaller companies and the oil refineries and so bind the elected government that takes over at the end of May to the programme.

Familiar Nigerian problems have intervened. The most damaging has been a turf war between competing government advisory bodies for control of the programme which could, if it attracts the right foreign partners, bring in the biggest inflow of investment Nigeria has seen outside the upstream oil and gas sector.

This first battle appears to have been resolved with dismissal this month of the Bureau of Public Enterprises Board and the sidelining of its influential chairman, Hamza Zayyad. Critics have questioned his commitment to privatisation during 12 years of involvement in a faltering programme.

However, another battle looms, this one between the outgoing military administration and incoming president-elect Olusegun Obasanjo and his People's Democratic Party.

Officials connected with the recently inaugurated national privatisation coun-

cil, chaired by Abubakar's deputy, Mike Akhigbe, and including the finance and planning ministers, say their plans are now modest and well behind the target outlined to the International Monetary Fund in January.

Yet there has been considerable speculation about a "rush" by the outgoing administration to sell off and grab a stake in everything from fertiliser plants and oil refineries to Nigeria's debt-ridden airline.

This has renewed public fears that privatisation is intended less as the motor of national economic growth and more a route to the further enrichment of the generals and their cronies.

Obasanjo's camp pours cold water on the plans, casting doubt on its commitment to this key sector of economic reform that is vital to IMF support.

State ownership has played a key role in the political dominance of the Muslim north. While many influential northerners appear to accept privatisation, fears remain that the sale of public enterprises, from which their patronage power came, will benefit southern rivals who control most aspects of the economy.

Disagreements over the relative merits of golden shares and other side issues, have taken up valuable time. Work on a complex regulatory framework and due diligence reports has not begun.

For privatisation advocates, disappointment that the outgoing military rulers were unable to stick to their plans is now outweighed by worries that incoming civilians will be even less effective.

The national assembly is likely to string out the debate and scrutinise the details. There are fears that members may be bribed by vested interests that want to prolong state ownership.

"When the first man goes into Nepra to carry out due diligence, he may be stuck for months before getting any answers. They are all afraid of losing their jobs," a financial official said.

Confronted with low oil prices and a deepening economic crisis, Obasanjo will have little choice but to press on. He will have no money for decrepit steel mills and collapsing refineries. Without reliable power and communications, dreams of economic revival for Africa's most populous state, are likely to remain just that.

Restoring Nigeria's

Obasanjo aims to reverse the corruption that

Nigeria's president-elect Olusegun Obasanjo gave up a career in the military and went farming 20 years ago because he wanted to get the army out of politics and hand the country over to democratically elected politicians. He talks to **JONATHAN POWER** in his first full interview since the election.

In the world economic rankings over the past few years, Nigeria, Africa's most populous and potentially richest country, has fallen from No 48 to 176. The nation was bled dry under 16 years of military rule, culminating in the brutal terror of Sani Abacha.

One recent estimate in the Financial Times is that \$225-billion in oil revenues were mismanaged, squandered or looted in the last 25 years. But when Abacha died suddenly in June, Nigeria was offered another chance at democracy.

On February 27, Olusegun Obasanjo, a long-time opponent of the military regime — and former general and president — won Nigeria's first national elections since Abacha seized power in 1993.

When Obasanjo takes office as president on May 29, he sees his job as restoring Nigeria's fortune, purging the country of corruption and channeling its immense oil wealth into productive development. Beyond that, Obasanjo seeks to shore up the country's democratic institutions and ensure that, in business and financial life, accountability and honesty replace the sordid deals of the past.

Twenty years ago, at age 42, Obasanjo walked away from the presidency and the army to start a chicken and vegetable farm. He says he wanted to show his people that there was no short-cut to prosperity.

He had been commander-in-chief of the armed forces and president from 1976-79, and he had accepted the Biafran surrender at the end of the Nigerian civil war in 1970. But he left power because, he asserts, he wanted to get the army out of politics and hand the country over to democratically-elected politicians.

Until now Obasanjo has had little success on both scores. His farming was regarded by many as a personal idiosyncrasy, and the democracy he founded was overthrown four years later.

Obasanjo combines brain, brawn and charm. His detractors have called him ruthless, he certainly does not suffer fools. Yet he is a deeply religious man. A Baptist, he wrote two books with spiritual themes while imprisoned by Abacha.

This conversation, his first full-length



Getting to know you: president-elect Olusegun Obasanjo, who has pledged to stamp out corruption and place his country

interview since his election, began in his house in Nigeria's capital, Abuja, and continued on the presidential plane, en route to London at the start of a world trip that brings Nigeria's elected leader to New York this week.

Q: Some critics say you are in debt to, and even fear, parts of the army. Former northern general and strongman Ibrahim Babangida bankrolled your election campaign. And many army officers will be disgruntled if you cut down on the corruption they have long feasted on.

A: I have to say that people who believe that Babangida is the one who made me must have their heads examined. By every standard, it should be the other way round.

Q: How are you going to deal with the army — which has come to depend on patronage, on the fruits of the oil economy?

A: Well, it is not only the army. Some civilians are in the same sort of form and shape and the same frame of mind and same condition. You must show that the practices you want to get rid of are punished. When they know that you mean business about it — it will take some time — sooner or later you will achieve success.

Q: What about the \$800-million that General Abdulsalam Abubakar, the current president, said he discovered Abacha had stolen?

A: Well, if that is true, I will crack the whip about it. That is not the story that General Abubakar himself has told me.

The amount is a billion but is a substantial part of what I told me, and I office he will **Q: Are you going to Lebanon to freeze some of this — past few years?**

A: I will set that will be — and to recover — ty — ill-gotten world.

Q: Are you going to **A:** What I ha-

ARGUS ISSUES

Abacha's wasted fortune

(226) ARG 31/3/99

Privatisation that saw \$225-bn go down the tubes



as they grow poorer. One leader, the novelist Ken Saro-Wiwa, was executed by Abacha in 1995. Do you have a plan for repairing the moral and political damage wrought by your predecessors?

A. Yes. I have talked to the Ijaw people, and the Ijaws are quite rightly bitter because of real, terrible injustice. The insensitivity that some parts of Nigeria have exhibited is just unbelievable. Yes, the first thing is to understand what has gone wrong and what is going on in the Niger Delta. Then devise what will work, because the problem of Niger Delta can be put in one word: under-development.

Q: Let's talk about the rest of Africa. Democracy is now returning to Nigeria, but in many parts of Africa - in Zaire, Angola, Sudan, the Congo - democracy is circumscribed. There is an enormous amount of tension, there is fighting, corruption. Many observers in the West now say there is nothing we can do to help Africa in this predicament. The old order is crumbling; Western intervention of any kind is almost counterproductive. Do you look at it in that way?

A. Yes and no. Yes, in the sense that most of the things that will endure in Africa must come from inside Africa. They must be internally generated, like in Nigeria. Of course, we do need assistance, understanding, co-operation from outside for the sustenance of democracy, for the deepening and widening of our democracy. Because we must never make the mistake of thinking that once an election takes place that is the end of democracy.

The success of democracy in Nigeria will have implications for the advancement of democracy in Africa.

In the first instance it means, straight away, that 20% to 25% of the population of Africa south of the Sahara is under some form of democratic rule. South Africa is there, Nigeria is there. You have other smaller countries that have been bastions of democracy for a long time. Then Nigeria can also be in a position to help other African nations.

To me, the kind of help that Nigeria can render to other African nations is to help them democratise, and by helping them democratise it will help them to prevent conflicts which come out of real and perceived injustice.

Q: Was it a mistake for the UN to pull its troops out of Angola?

A. I believe that is a mistake. Remember it was UN withdrawal that led to the massacre in Rwanda. The UN has to accept that when you send troops into a place, it also will involve a certain amount of loss. If sending UN troops is regarded as a quick fix, then UN troops are not required.

To my own way of thinking, you might as well send in Boy Scouts - LA Times-Washington Post

REUTERS

out corruption and place his country on the road to democracy, with President Bill Clinton at the White House yesterday

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has told me

The amount recovered is not up to \$800-million but is more than \$700-million. A substantial part of it already has been put back into the common pool. That is what he has told me, and I believe that before he leaves office he will explain himself.

Q: Are you going to ask Switzerland, Britain, Lebanon to freeze the foreign bank accounts of some of those who held high office over the past few years?

A. I will set up an anti-corruption body that will be empowered to seek and search and to recover Nigerian money and property - ill-gotten gains left anywhere in the world.

Q: Are you going to privatise the oil industry?

A. What I have said is that privatisation

will not be done just for the sake of privatisation, it must have a purpose behind it. It should not be a religion. The purpose of privatisation should be to bring efficiency and investment into the area in which you want to privatise. That is No 1. No 2, we must talk about the proper method of privatisation.

Some things people are talking of privatising, they don't know the value of. If you want to privatise something you must know the value of it - whether you are talking of the worth in terms of replacement value or in terms of depreciated value, or in terms of return from investment.

Q: People of the oil-rich Niger Delta have watched billions of dollars flow from their soil

Nigeria revamps customs inspections

(226)

CT(BR) 7/4/99

GODDY IKEH

Lagos — Nigeria has abandoned its unsuccessful 20 year experiment with pre-shipment customs inspection of imports in the country of origin and reverted to a conventional destination system of inspection by customs officials in Nigerian ports

The pre-shipment system, under which Nigerian agents in foreign ports inspected goods before export to Nigeria, was

designed to circumvent massive corruption in the Nigerian customs administration

Instead, it hampered local commerce and industry by slowing down imports

But with the country moving to a new civilian, democratic and hopefully more honest administration, General Abdulsalam Abubakar, the outgoing military ruler, feels confident enough to return customs inspection to the official customs agency, the

Nigeria Customs Service, which will be assisted by two private foreign inspection agents

The services of the old pre-shipment agents abroad would be phased out by June 30, the government said last week

Because the government does not have the staff to inspect all imports, importers will be allowed to assess and pay duties themselves, subject to spot tests and possible penalties

Ismaila Usman, the finance

minister, said the inspection of goods at destination had been carefully crafted to simplify and speed the clearance of cargoes without compromising the collection of revenue

Under the new regime, he said, "the turnaround time is bound to be shortened and the capacity utilisation of our industries would be enhanced once the flow of imported inputs are guaranteed" — Independent Foreign Service

Nigerian oil permits likely to be reviewed

(226)
LAGOS — Nigerian officials said yesterday there was likely to be a review of the controversial award of 11 highly promising deep-water oil concessions to local firms, some of whom are linked to senior military officers.

Last month's award of blocks in some of the world's hottest exploration territory worried donors, who said privately that it could jeopardise debt relief, and outraged some of the supporters of President-elect Gen Olusegun Obasanjo.

The petroleum resources department said yesterday not all the firms had met an April 7 deadline to pay a signature bonus of \$20m to secure the blocks in water depths of about 2 000m.

The blocks were quietly allotted in March to independent Nigerian operators. Only one of the firms — Amn International — had previous experience in oil production.

Meanwhile, it was reported from Oslo, Norway, that Saga Petroleum ASA, Norway's biggest listed oil firm, said yesterday it was axing a quarter of its staff and pulling out of Angola as part of cost cuts to combat weak oil prices.

The firm said it aimed to sell licences worth up to \$260m, halve its exploration budget, cut activity in Britain and only invest in projects that would be profitable with oil prices at \$10bpd — Reuter

PD 9/4/99

Piracy costs in Nigeria too high for SA TV company

(226)
Kingsley Kubeyinje

LAGOS — SA cable television company Multichoice is closing one of its three broadcasting stations in Nigeria but says it is achieving its sales targets despite a difficult operating environment.

GM Kobus Bezuidenhout says the Onitsha station in eastern Nigeria is being shut because "it is not financially feasible for us to be there any more. The cost of running it compared to the revenue does not pay us any more."

Multichoice is keeping its Lagos and Port Harcourt stations open.

Bezuidenhout said business in Nigeria has been satisfactory but that there were several difficulties which has made operations costly.

He identified erratic power supply as a major problem and said Multichoice had to run on a generator at most times.

Although Bezuidenhout said Multichoice was doing good business in Nigeria, he also complained about piracy. As a result, the company was operating in an "unfavourable and uneven playing ground."

"Some operators directly pirate our DSTV services without our permission. There is severe video piracy. There is direct piracy on TV, there is piracy in multiunit dwellings," he said.

"They take our set and distribute to the various rooms and don't pay us."

Bezuidenhout warned that the firm was going to tackle the problem.

"We are going to put in quite a big effort into fighting piracy this year. And once the country achieves a democratic government, that will also change a lot of things because I don't think Nigeria would want to be regarded as a country where your copyright is not safe," he said.

Although he thought the National Broadcasting Commission was playing a positive role, Bezuidenhout called on it to play a bigger role in the fight against piracy.

He said the anti-piracy campaign should not be left to only one agency to conduct.

"There should be a concerted effort from everybody because piracy does not only hurt us. It hurts everybody," Bezuidenhout said.

"It hurts the country, it hurts the business, it hurts the people investing in making movies, people who run theatres. A lot of people think they are smart and they can take materials from any source and get away with it."

Nigerian survey shows widespread gold

Kingsley Kueyinje

LAGOS — Gold has been discovered in 65 different sites in Nigeria, says a government-sponsored report

The Nigerian minerals and appraisal programme's report says a preliminary assessment of nine of the sites shows the country has gold in commercial quantities

The report says government has developed a four-stage gold exploration programme, and that four mining concerns are exploiting gold at present

"Nigeria's gold resources are definitely underexplored, although lo-

cal and foreign (226) concerns have shown increased interest in them in recent years," the report says

At a recent forum, Solid Minerals Development Minister Patrick Yakowa called for a sustained investment portfolio that would help harness the enormous gold resources in the country. A favourable investment climate, he said, was being created by the government in the solid minerals subsector

Yakowa said government was planning to provide infrastructure and to set up a gold refinery plant

He said a new investor-friendly national policy on solid minerals and

BD 15/4/99
a new competitive mineral law had been approved

According to Yakowa, some of the incentives included a three- to five-year tax holiday, deferred royalty payments, as well as possible capitalisation of expenditure on exploration and surveys

He said the policy had made it possible for foreigners to own 100% of mining concerns, and to repatriate capital and profit

Yakowa said he was optimistic that the emerging political climate in the country would attract much-needed foreign investment to the country

Nigeria starts civil service cleanout before elections

FROM REUTERS

(226) CT (MR) 2/14/99
meet pay demands without massive redundancies

Abuja - Nigeria's military government has begun a civil service cleanout which could cost tens of thousands of jobs before democracy returns next month, officials said on Monday.

This would enable the cash-strapped state to meet promised pay rises and remove dead wood, officials said. The civil service is estimated to number up to 800 000 people.

Savings are desperately needed after high spending in the first months of 1999, which drastically cut foreign reserves and worried the International Monetary Fund (IMF) and donors, who hold the key to badly needed debt relief.

"The directive has been given for all heads of parastatals and federal ministries to forward a list of staff due for retirement and those who committed one crime or another, especially fraudulent practices," a senior official said.

Officials said letters informing workers that they were no longer needed would be sent before General Abdulsalam Abubakar steps down to make way for president-elect General Olusegun Obasanjo, ending 15 years of military rule in Africa's most populous nation.

Tens of thousands more public sector jobs are threatened in Nigeria's 36 states, where military administrators have told striking workers they cannot

International financial organisations and local business have long pressed Nigeria to reform its bloated public sector.

The situation has become even more critical since Abubakar approved a rise in the minimum civil service wage to 3 500 naira (\$38) a month, after being forced by dire financial conditions to retract a promise to pay 5 200 naira a month.

"With the present number of civil servants, the government simply cannot afford to pay," the official said.

Higher than expected spending and low world oil prices in the first quarter of 1999 cost Nigeria more than 4 percent of its foreign reserves, which fell to \$4.2 billion at the end of March from \$7.1 billion at the end of last year.

Officials say printing more money is not an option for paying civil servants because of the danger of further fuelling inflation, which rose above 14 percent in January from less than 9 percent the year before.

But widescale redundancies are a difficult political decision to take in the country of 108 million, where the government is one of the few formal employers.

Shortly after assuming power following Sani Abacha's death last June, Abubakar abandoned a plan by Abacha to sack up to 250 000 civil servants to save money and improve efficiency.

Demands for Nigerian oil licence query

(226)

FROM AFP

Lagos - Petrogas and Energy, the Nigerian oil firm, has sued the military government over its allocation of 11 oil prospecting licences to little-known Nigerian oil firms last month, a report said yesterday.

Peresuo Isaac-Dema, a Petrogas lawyer, said General Abdulsalami Abubakar, the country's military ruler, and other top officials were named as respondents in the case.

No public tender took place for the licences. Questions arose over how the awards were made.

Earlier this month the Campaign for Democracy, a human rights group, charged that several of the companies awarded the licences were run by associates of the ruling military junta.

Isaac-Dema, on Petrogas's behalf, was seeking to force the government to explain the criteria on which the licences were allocated. He said if the licences could not be explained, they should be annulled and a public tender held.

CT(BR) 22/4/99

Coal deal kicks off Nigeria's privatisation

(226) ET(BR) 23/4/99

GODDY IKEH

Lagos - The Nigerian government has signed its first production-sharing agreement with a consortium of local and foreign firms to develop its coal industry, in line with its privatisation programme

The contract consists of private sector-led investments in the country's solid mineral mining

Patrick Yakowa, the solid minerals development minister, who has been leading the campaign to get foreign investors interested in the west African country's abundant solid minerals sector, said the agreement was for the devel-

opment and production of coal for the export market from the Okaba/Odigbo mine district in the northern Kogi state

The consortium was formed in Nigeria and comprised British and Danish companies and some Nigerian partners

The contract is referred to as "The deed of sub-lease production sharing joint venture agreement between the Nigerian Coal Corporation and Nordic Industries Limited"

The Nigerian Coal Corporation is a state-owned coal mining company Yakowa said it had sufficient technical and financial abilities for large-scale coal pro-

duction and marketing, and would carry out coal mining by open-cast method at the mines

He said Nigeria had over 2.5 billion tons of coal reserves in 13 of the country's 36 states, while the concession granted at the Okaba/Odigbo axis had a reserve of about 22 million tons of coal

Yakowa said the company's production target was expected to rise from 400 000 tons of coal to a peak of 800 000 tons a year by the fourth year of operations

He implored the company to give 5 percent of its total coal output to the NCC in its first five years of operations - Independent Foreign Service

WHEN state-owned Nigeria Airways launched its Lagos-Ihannenburg route last December with much fanfare, Nigerians who regularly travel to SA were upbeat finally they could traverse the continent on their national airline

But the joy was short-lived

Nigeria Airways, which launched its flight shortly after SA Airways (SAA) had its inaugural flight to Nigeria, returned to Lagos, but has not been seen since

Aviation sources said this was because it had no aircraft to fly the route. A company source said "That is the gospel truth and it is that bad. The inaugural flight was simply razzmatazz. Things are pretty bad for Nigeria Airways

"The DC-10 which was used for the inaugural flight is down and is undergoing D-check (a comprehensive overhaul) in Indonesia," said the source. He said it was clear the airline's management knew they could not sustain the route. "They flew there in re-

Nigeria Airways a glorified ticket agency

The airline's inaugural flight to SA last year was also its last — for now. Kingsley Kubeyinje

sponse to SAA's inaugural flight "I believe they carried the principle of reciprocity too far. They should have waited. It would have saved us this national shame"

Airline officials say the route is due to start again by mid-year

The 41-year-old national airline has just two "operational" aircraft, a Boeing 737 servicing its domestic routes and an Airbus flying the west African coast

Chris Aligbe, the airline's general manager in charge of public affairs says it planned to have two aircraft for the route, both of which were undergoing maintenance. "When they come out we can start to project on when to commence flights to the region"

He said "equipment problems", the airline's euphemism for lack of aircraft, had equally stalled its flights to Dubai and Jeddah in the Middle East

Times are bad for the airline and its fortunes have nose-dived recently. In the 1980s, Nigeria Airways was a company with 29 aircraft. Now, it has two "barely functional" ones. Others are grounded at various hangars in the country, while a few are abroad, unable to be repaired because there is no money for parts

"The airline simply has no funds to operate," said local aviation expert, John Akande

Although the airline's exact debt is unknown, its officials be-

lieve it is between \$70m and \$80m. It could be much higher

Says Aligbe "Many of these debts are between 10 and 20-years-old. And the profit the airline makes, rather than being used to improve operations, is being spent to settle debts"

Last June, the Nigerian government, unsure of the airline's exact debt, formed a 10-member panel to verify it and to recommend measures to rescue the airline from "dangers posed to its domestic and international operations"

At the time of its formation, Federal Government Secretary Gidado Idris said "The government cannot afford to fold its arms and see parastatals which ought to be

the pride of the nation, go down the drain and become objects of ridicule at home and abroad"

The panel's findings and its recommendations are still guarded state secrets

Owing to its mounting debts, the national carrier has been embarrassed on several occasions. In 1993, four aircraft were seized at various locations in Europe

One of the seizures was at the instance of the Aviation Air Security and Navigational Agency which manages the air space of about 15 Francophone countries. The aircraft, a Boeing 737, was seized for debts amounting to millions of dollars

In 1993, the airline's manage-

ment, in response to the constant seizures of its aircraft, the mounting debt and poor image, attempted to circumvent the mess by establishing Air Nigeria

This was planned to be a "new and distinct" entity from Nigeria Airways and was to service only the international routes

The government was to pump 200-million naira into Air Nigeria as a take-off grant, while Nigeria Airways was to keep existing liabilities. The latter would keep on short range aircraft and release the others to the new airline

But the project was scuttled by Nigeria Airways officials. In their calculation, setting up the new airline would reduce Nigeria Airways

to a domestic airline, while it alone would be saddled with the huge debt burden

Unimpressed by the airline's performance, the government has now listed it along with about 40 parastatals to be privatised

Unable to run its lucrative Lagos-London route, Nigeria Airways signed a commercial agreement with British Airways in terms of which BA will operate three extra flights from Heathrow to Lagos, with 70 seats a flight for Nigeria Airways passengers

Besides other benefits, Aligbe said the national carrier hopes to earn \$150 000 weekly from the agreement

It is also considering going into

a joint venture with British airline, Virgin Atlantic. The proposal, originally planned to last 15 years, has been slashed to 10. Virgin will, among other things, manage the airline and train its staff. It has also offered to fine-tune the national carrier's planned re-engineering process to ensure it regains its dominance in both domestic and regional markets

But the agreement has been slammed by local airline operators who described it a "sell out" and "national sabotage". The Airline Operators of Nigeria says Nigeria Airways has been reduced to a "glorified ticketing agency". However, it may be the only way to rescue the ailing airline

14/99 (326)
With two flying aircraft in Lagos looks at what is troubling the parastatal

Nigerian junta halts planned privatisation

(226)
Kingsley Kubeyinje

LAGOS — The outgoing Nigerian military government has halted its heavily criticised planned privatisation of public enterprises and said it would leave the task to the incoming civilian administration.

Gen Abdulsalamu Abubakar's government, due to hand over power to an elected government on May 29, had always insisted that it would privatise more than 40 government-owned corporations before it exits in May.

In a major policy shift last week, Abubakar, said with "the limited time" available, privatisation could not be rushed.

His government would concern itself with "valuation of key enterprises and defining the approaches to successful privatisation that enjoy popular support".

Earlier this year, government promised to list the enterprises on the international stock markets.

Finance Minister Ismaila Usman said the firms would be listed to attract funds and investors.

He said the enterprises would require huge financial outlays to upgrade their operations to international standards.

Among the enterprises earmarked for privatisation are the electricity monopoly, Nepa, and the state-run telecommunications corporation, Nitel.

Last month, the privatisation bid suffered a major setback when government vetoed the appointment of 50 advisers and consultants selected for the organisations.

Automated share trading comes to Nigeria

CT (BE) 29/4/99 (226)

FROM REUTERS

Lagos - The Nigerian Stock Exchange launched its computer-based Automated Trading System (ATS) on Tuesday, ending nearly four decades of open outcry trading.

The system is the final stage of a modernisation programme which started in 1997 with the introduction of a central

clearing and depository system

"The ATS will mean more activities for the stock market and more business for operators," said Rasaki Oladejo, the project director.

Analysts said the automated system would make the market more transparent and efficient.

Nigerian stockbrokers had a one-week rehearsal on the new system ahead of Tuesday's

session. Brokers said they welcomed the end of the noisy open outcry format, in use since the market opened in 1961.

"It is a plus for our market," said Dumebi Ohanwusi of the brokerage firm Network Investments.

"The time spent under the old format was tortuous. We used to come out of each trading session completely tired."

Thousands to be dismissed before May 29.

Nigeria starts civil sackings

FROM AFP

Abuja - Nigeria's outgoing military government had begun a programme of sweeping job cuts in the bloated public sector, government officials said yesterday.

They said the job cuts started after Gidado Idriss, the secretary to the government of the federation and Nigeria's top civil servant, sent a circular two weeks ago to all ministries and parastatals ordering them to make immediate cuts in staffing.

The dismissals, which could run into the thousands, were supposed to be implemented before the military handover to the country's incoming civilian government on May 29, officials said.

The memo said all those who had done more than the maximum allowed 35 years of service, those with "declining productivity" and those with bad work records should be dismissed.

Already this week, almost 1 000 employees had received dismissal notices at the ministry of the federal capital territory, Abuja. At the same time, 285 of the 715 employees of the Abuja Environmental Protection Board were handed dismissal notices.

Ninety-one staff at the National Maritime Authority had

been dismissed along with 40 at the Nigerian Shippers Council.

Dismissal notices had also gone out at the ministries of aviation, communication and health, officials said.

Staff at other ministries were also believed to have received dismissal letters, while more dismissals had been reported at Nitel, the state telecommunications firm, and other parastatals.

Ismaila Usman, the finance minister, said last week that major job cuts were inevitable with the decision to implement public sector pay rises and reform.

"The current size of the civil service is no longer sustainable, hence expenditure, restructuring and civil service reform should go hand-in-hand," he said.

Public sector unions are already on strike in many states across the country to force the payment of the minimum wage agreed in March, but not implemented in states which claim a shortage of funds.

Union leaders, who accept the need for dismissals of ghost workers and other "dead wood" in the public service, warned on Tuesday that they would extend the strike to the private sector if sweeping job cuts were made.

(226) (227) ET(MR) 29/4/99

Nigeria wants partners in 15 state-owned mineral firms

DD 2/5/99

(226)

Kingsley Kubeyinje

LAGOS— The Nigerian government is set to invite private local and foreign investors as joint venture partners in 15 state-owned solid mineral firms

The government has between 8.6% and 80% equity stakes in the companies being controlled by the Nigerian Mining Corporation. They include Consolidated Tin Mines, the Nigerian Uranium Mining Company and the Nigerian Marble Mining Company.

Babatunde Olorunfemi, an official at the Ministry of Solid Minerals Development, said the government was relinquishing its interests in the companies, in line with a new policy on solid minerals development. The policy placed emphasis on the increased involvement of the private sector in the subsector.

Nigeria, which earns more than 90% of its foreign exchange from crude oil, is blessed with various solid minerals, including gold.

The net value of Nigeria's export of sol-

id minerals is put at about \$2bn, but it loses 90% of its potential revenue to illegal mining activities.

The Nigerian government last year expressed a willingness to enter into joint ventures and production sharing agreements with SA, as well as with private investors from SA.

Meanwhile, 22 laws considered inimical to competition in some sectors of the economy have been repealed.

The measure, according to the government, was to ensure that state-owned enterprises were not granted any advantage over their private-sector counterparts.

Last Thursday, the SA Institute of Geosciences presented 10 geological survey maps to the Nigerian government.

The maps were produced by the institute under a technical agreement.

Mandi Nzimba, the deputy director at the institute, said it was high time Nigeria started developing physical infrastructure that would assist it to build on the training some Nigerian cartographers and geologists received recently in SA.

New book lifts the lid on Abacha's excesses

LAGOS — Nearly one year after the death of Gen Sani Abacha, Nigeria's seventh military leader, information has surfaced that chronicles the late dictator's excesses during his five-year rule

Tunji Abayomi, one of Nigeria's top human rights activists and lawyer to President-elect Olusegun Obasanjo, has shed light on life in detention under Abacha and the treatment and psychological torture meted out to hundreds of detainees

The book, Cell 26 Detention Memoir of a Political Detainee, was named after the cell in which Abayomi and Abdul Oroh, executive director of the Civil Liberties Organisation, were detained at different times

Abayomi was arrested on July 26 1995 during a press conference he had called to protest at "the trumped-up charges" of a coup plot levelled against his client Obasanjo and 50 others, including retired and serving military officers, journalists and human rights activists

Abayomi's diary details endless interrogations in filthy conditions. He describes the torture of four artisans accused by a "big contractor. He wants them to be beaten until they confess

"At 3am I tried to kill several rats contesting the space in our cell but they escaped. Suddenly we heard groans of pain, soon the commoners (artisans) were brought in mercilessly tortured. One of them was dying, a vein had burst and blood was gushing out," he said

He says most detainees looked after themselves even though there was a daily state allowance of 30 naira (30 US cents) a prisoner

Another title which has hit the news stands is The Nigerian Military and the Crisis of Democratic Transition, compiled by a nongovernmental organisation. The book calls for an end to military rule in Nigeria

Written by Abubakar Momoh and Said Adejumo, both lecturers at the Lagos State University, it says that Nigeria "in three decades of independence has engineered three transition-to-civil rule programmes, all authored by the military", under Obasanjo (1976-1979), Ibrahim Babangida (1985-1993) and Abacha. The fourth transition programme by present military leader Gen Abdulsalam Abubakar ends on May 29

"The Babangida transition," the book says, "was the most ambitious and costly political transition project ever taken by a third world country. It was a transition programme on which the people placed high hopes and expectations such hopes were dashed"

The publication of the two books coincides with growing calls for a probe into human rights abuses under the military. Speaking in Ibadan, north of Lagos, at the weekend, Nobel laureate Wole Soyinka said such a probe would enhance national reconciliation

Soyinka, who was in exile during Abacha's rule, urged pro-democracy and human rights activists to stand up for their rights, otherwise "it will mean that some (of us) have been permanently endowed with the right to torture and others have been permanently endowed with the responsibility of being tortured" — Sapa-IPS

Fund hints at new loans to Nigeria

DD 5/5/99

(226)

The IMF says it all depends on the incoming government.

LONDON — The International Monetary Fund (IMF) could start talks on a new medium-term lending programme for Nigeria within weeks of the new government taking over, according to a senior IMF official.

Hiroyuki Hino, an adviser in the IMF's Africa department, said the fund was optimistic that the new civilian government would crack down on corruption and bring the current IMF staff-monitored programme back on its feet.

"Once the programme is back on track we could begin discussions on a medium-term programme," he said in London.

"Our goal still is to initiate such discussions in the opening month, if not weeks, of the incoming administration, though this depends on the actions of the outgoing government."

Nigerian officials said last week the government of Gen Abdulsalam Abubakar, which is due to hand over to president-elect Olusegun Obasanjo on May 29, planned to spend more than 60bn naira on fresh projects in the dying days of the military administration.

Analysts said the spending spree was likely to annoy donors and leave the new govern-

ment with severely depleted coffers.

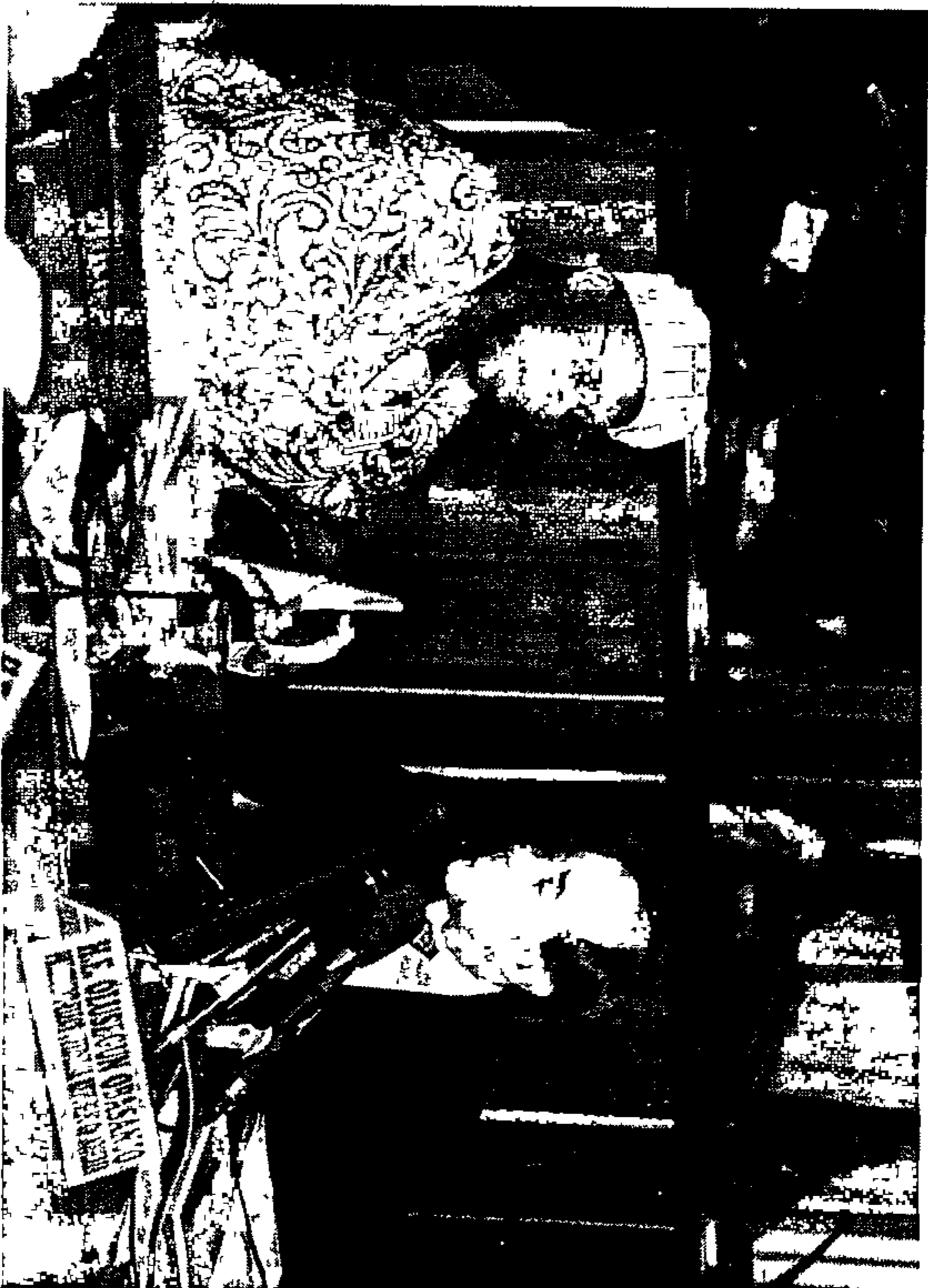
Hino said it was too early to say how much money the IMF might be prepared to put up in new lending to the heavily indebted country. Nigeria is in default on official Paris Club borrowing but has remained current on IMF loans. It was also too soon to say whether the medium-term programme would be on concessional or non-concessional terms.

"We would very much like to help, but how much, and on what terms, all depends on what the government will do," he said.

Hino remarked that he was concerned about the last-minute spending by the outgoing government. "What they do in the remaining days of tenure will determine how and when we can proceed," he said.

The staff-monitored programme, which carries no money with it, was agreed in January with the understanding that it could lead to a medium-term plan and pave the way for possible debt relief from other creditors.

Analysts said the Nigerian government was believed to be aiming for a concessional loan of about \$3bn — Reuter



Nigerian president-elect Olusegun Obasanjo with Omar Kabbaj, right, the president of the African Development Bank, during a visit to Côte d'Ivoire on Monday

Picture AP

Privatisation bid a blow to poor says opposition

BLANTYRE — The Malawi opposition electoral alliance criticised President Bakili Muluzi's government yesterday for going on a privatisation drive at the expense of the nation's poverty-stricken citizens

Gwarda Chakuamba, presidential candidate for the alliance, said it was unfair to the majority of Malawians for government to, for instance, sell off the agriculture development and marketing board, the country's principal crop buyer

"This will lead to an increase in food prices. It's like government selling off its own stomach," he said

Chakuamba, sentenced to 22 years' jail after falling out of favour with former president-for-life Hastings Kamuzu Banda in the 1970s, said the former government set up the board to control prices of crops, especially the staple food, maize

"In private hands, the (board's) central policy will be to make a profit, not to service the poor — that will see maize prices spiralling," he said

Chakuamba promised that once in power after the May 25 elections, an opposition government would see to it that the board was returned to the government stable

Finance Minister Cassim Chilumpha confirmed everything was in place to privatise the board. However, Chakuamba called that "suicidal", saying the government was prematurely accepting everything donors like the World Bank and International Monetary Fund suggested

Running mate Chakufwa Chihana decried rising unemployment in the wake of privatisation — Sapa-DPA.

BD 7/5/99

Nigerian privatisation finally gets under way

William Wallis

Financial Times

LONDON — Nigeria's military government has issued a decree paving the way for privatisation of electricity, telecommunications, oil refining and other companies

The announcement, made this week at a Financial Times seminar on Nigeria in London, comes after months of uncertainty about compliance with one of the main conditions of the agreement with the International Monetary Fund

A senior economic adviser at the presidency, Nasir Ahmad el-Rufai, who has been a leading advocate of privatisation, told delegates that Nigeria's ruling Provisional Ruling Council had approved an enabling decree on Monday

Many Nigerians suspect a last-minute attempt by the outgoing ruling generals to profit from the sale of state assets, but in an attempt to allay these fears, el-Rufai said that the process would be left to the government of the president-elect, Olusegun Obasanjo, which assumes office in three weeks

"We are convinced that the only way to sustain support for the programme is to implement it with total transparency and accountability. The delays were the result of this deliberate effort," he said

Nigeria has more than 1 500 state-owned companies, and they have cost the country 200-billion naira a year, equivalent to a third of the federal government budget. The sale of

the state power and telecommunications companies, as well as the oil refineries, is seen by the private sector as a vital step to economic recovery. It may also be key to the survival of a democratic system in Nigeria after 16 years of military rule, said el-Rufai, who pointed out that the head of state had the power to appoint more than 4 000 directors, members of boards and executives of the largest corporations

"This patronage power is enormous, and constitutes the main attraction of holding political office in Nigeria and one of the causes of our political instability," he said

El-Rufai also disclosed that the 1999 budget deficit had already reached 60-billion naira in the first quarter of 1999, and could reach as much as 200-billion naira by the year's end. The government had planned to finance at least a part of this through the privatisation process. However, infighting about control of the programme, and resistance from individuals who derive influence from state ownership, has led to months of delays

The privatisation decree includes provisions for the sale or commercialisation of 61 state companies in which the government has invested about \$70bn

At the seminar, many delegates, including el-Rufai, argued that the sale of government shares in the oil-producing joint ventures was inevitable both as a means of raising badly needed revenues and to solve funding problems in the sector

BD 7/5/99 (226)

Nigerian smelter seeks regional co-operation

IKOT ABASI — Regional co-operation has been proposed as a possible survival strategy for Nigeria's Ikot Abasi aluminium smelter

The suggestion was made during a weekend visit to the plant by Ghana's President Jerry Rawlings

Rawlings visited the plant on Nigeria's southeast coast with outgoing military ruler Gen Abdulsalamu Abubakar, who is on a farewell tour of the country

"We see a possibility of forming an association of west African aluminium producers," said Murtala Mohammed deputy MD of Aluminium Smelter company of Nigeria (Alscon) told Rawlings

Nigeria, Ghana and Guinea are the three primary aluminium producers in the region which could benefit from such co-operation, he said

Alscon imports anodes and alumina required for its operations from Volta Aluminium company (Valco) of Ghana and Friguer of Guinea

"Alscon can offer advice on environmental matters and new technology while we can learn from the operational efficiency of Valco," Mohammed said

Constructed at a cost of more than \$2bn and lack of working capital has constrained production at the gas-powered smelter, which has been operating at 20% of its capacity since it began production in 1997

"We need \$79m in working capital urgently to increase output," company spokesman Garba Shehu said

But Alscon officials said the only offer made by Abubakar, who steps down at the end of this month, was a promise to "do all we can" Nigeria's government owns 70% of the smelter, Germany's Ferrostaal 20% and Reynolds of the US 10% — Reuter

(226) RD 11/5/99

Elected government will take office amid fears ousted generals are stripping coffers

Obasanjo to target corruption

TOYE OLORI

Lagos - Olusegun Obasanjo a returned Nigerian general will take office with a mandate to clean up the gross corruption of 15 years of military rule.

He has said tackling corruption would be his first priority after May 29, when the present military government plans to hand over to the democratically elected government.

But Obasanjo is likely to inherit a mammoth task amid fears that the generals are stripping state coffers before they leave office, as well as suspicions that he will go easy on corrupt generals for fear of another coup.

He will have to tackle a mess of accusations of graft directed not only against previous military governments but also against the transitional military government of General Abdulsalam Abubakar.

Activists are already investigating why the Abubakar government has done nothing to prosecute corrupt officials from the era of dictator Sani Abacha, who died last year.

After the death of Abacha, Abubakar's government was reported to have recovered vast sums of stolen money from members of Abacha's family and his ministers. But no one has been prosecuted.

Abubakar justified this recently by saying: "The man to be prosecuted is dead."

Paul Ogunwa, the governor of the Central Bank of Nigeria, yesterday blamed the transition for the budget deficit for the first quarter of 1999 exceeding the projected deficit of 57 million naira (R3.5 billion) for the whole year - according to some economists by up to three times.

Activists suspect this is a sign that the country's assets are being stripped wholesale.

This week Obasanjo vowed to "review the Abubakar government's allocation of 11 oil prospecting licences allegedly given to military cronies. The country's privatisation programme was recently suspended on grounds that parastatals were

being sold at bargain basement prices to buddies.

The Joint Action Committee on Nigeria, a coalition of human rights groups in Nigeria, has gone to court to obtain legal injunctions to root out corruption.

Femi Falana, a Lagos lawyer and leader of the coalition, said its struggle was an "all-embracing one that will spare nobody transcendent national boundaries and leave no stone unturned".

The coalition is demanding a comprehensive opening of the federal accounts since January 1984 when the last civilian government under Alhaji Shehu Shagari was overthrown by the military.

The activists are also asking for the publication of the white paper on the recommendations of panels set up to probe alleged corruption in parastatals like the electricity board, the telecommunications and the ports authority during the early days of the Abacha regime.

"The award of contracts is all an attempt to loot and empty the treasury and thereby create an

impossible situation for the coming civilians to fulfil their promises to the voters," Falana alleged.

Obasanjo has warned Nigerians, irrespective of status, that he is ready to do anything to rid Nigeria of the corruption that has so badly dented its image.

"Good governance and corruption cannot just live together and if we are going to deal with corruption, we will have to step on toes. We need spiritual re-orientation and regeneration."

At the opening of a ethics and leadership summit in Abuja last week, Chief Emeka Ekehuru, who chairs the advisory board of the Examination Ethics Project, challenged Obasanjo to make good his promise to wage an all-out war against corruption.

Nigerians, according to him, are now psychologically prepared to fight corruption.

What was lacking was the right leadership, he said, adding that the promise by Obasanjo had raised hopes - Independent Foreign Service

was spent on finished goods, 40 percent on manufacturing and less than 1 percent on agriculture.

Ogunwa said the excess liquidity had gone as high as 300 billion naira at one point, threatening to undo the gains of the tight fiscal discipline over the past two years.

Inflation, which officially fell as low as 6 percent last year, has risen to double digits within the first four months of this year.

The federal government last month ordered the transfer of its accounts and those of its ministries and parastatals from the CBN to commercial banks.

Economists blamed this policy for the excess liquidity.

"While there is urgent need to tighten government's budgetary operations to prevent the liquidity situation from getting out of control, I wish to remark that it is not conventional for the accounts of the ministries and parastatals to have a huge stock of credit balances," he said.

As much as 80 billion naira is said to have been withdrawn from the banking system through this measure, which has been roundly criticised by bankers - Independent Foreign Service

Central bank blames Nigerian government for massive deficit

TOYE OLORI

Lagos - The Central Bank of Nigeria (CBN) has blamed the transitional Nigerian military government for running up the huge budget deficit recorded between January and March, which last week caused a steep fall in the currency.

"The actual deficit during the first quarter of 1999 has exceeded the entire 1999 projection by a wide margin," Paul Ogunwa, the CBN governor, said this

week Ogunwa, said in the capital, Abuja, that the government often ignored the bank's advice on economic issues.

Last week, the naira was fixed at 94.88 to the dollar at the Foreign Exchange Autonomous Market (Afem) - a devaluation of 5.4 percent from the previous rate of 90 naira a dollar.

Ogunwa did not quantify the deficit, but the full 1999 projected deficit was 57 billion naira (R3.5 billion). Private economists had earlier put the actual

figure for the first quarter at between 100 and 150 billion naira.

Besides the deficit, the high level of liquidity in the financial system since the beginning of the year and the measures taken to deal with the problem had threatened to cause dislocations in the economy, he said.

According to Ogunwa, the excess liquidity has increased the demand for foreign exchange, consuming much of what was budgeted for the year. He said 41 percent of the forex

was spent on finished goods, 40 percent on manufacturing and less than 1 percent on agriculture.

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FACING GOULAH Olusegun Obasanjo, Nigeria's president, will have to tackle a mess of accusations of graft, including those against the transitional government. PHOTO BY

Nigerians can take a hint

MTG 14-20/5/99

(226)

Chris McGreal

It is a surprisingly well-kept secret for Nigeria. Only a few army officers know for certain what is in the country's new Constitution. Once passed into law, it will, in theory, end 15 years of rule by military decree. Even Nigeria's president-elect, Olusegun Obasanjo, who takes office this month, has not been told officially the extent of the powers he will wield. He does not know how long he has in office or whether he can run again — provided there are no coups

Nigeria's military ruler, General Abdulsalam Abubakar, signed the Constitution last week. His comments are regarded as much out of relief that the country is finally to be governed by something other than a general's whims. "This is a fine document, and I am sure it will meet the yearnings and aspirations of all Nigerians," said Abubakar.

They will have to wait to find out if it does. Nigeria has had many constitutions that have been ignored during long bouts of military rule. The last, written in 1995, was not put into force because it was so skewed in favour of a centralised army administration even the military did not think it could get away with it. Abubakar said the new document was based on the last functional Constitution, written in 1979, the only other time the military handed over power to an elected government. That law allowed the president to serve two four-year terms, but the army got tired of him after the first and seized control again.

The secrecy in which the latest Constitution was written has some civil rights groups wondering what Abubakar is trying to hide. Human rights activists have accused the army of planning to insert clauses limiting the future government's authority over the armed forces or giving the military a free hand in controlling its budget. Some Nigerians suggest the army has written in an amnesty provision preventing soldiers being prosecuted for their many crimes over the years.

The government is hunting down millions of dollars stolen by the late military dictator, Sani Abacha, who died in mysterious circumstances last year after five years of harsh rule. But no one is pursuing the vast amounts stolen by Abacha's predecessor, Ibrahim Babangida, or the soldiers and civilians who got rich serving him. The Civil Liberties Organisation chided the government for keeping the constitutional arrangements a secret from the Nigerian people in whose name it purported to act. But the organisation noted that anything had to be better than rule by decree. One of the few hints that Nigerians have been offered by Abubakar is a promise that the Constitution will satisfy the popular yearning for greater federalism, in part to diminish the central authority so abused by the army. The Information Ministry said the Constitution would be made public before it took effect.

Nigeria's new constitution

unveiled (226)

8/10/17/5/199

Lagos - Nigeria's new constitution, set initially to govern the country's return to civilian rule later this month, has at last been officially released, a newspaper reported yesterday.

This Day, which promised to publish full details of the document in today's edition, said the new basic law was released in Lagos by means of an extraordinary official gazette.

The paper gave few details of what features in the constitution, drawn up by the outgoing military regime, but said it did provide for an Islamic or Sharia court to be established in the Federal Capital Territory, Abuja.

The issue of whether Nigeria should acknowledge Sharia law has long been a controversy in the country.

Officials say about 45% of Nigerians are Muslims and 45% are Christians, while the remainder are animists.

Human rights and pro-democracy groups had called on the military to publish the constitution before the May 29 swearing-in of Nigeria's new civilian regime.

Military ruler General Abdulsalam Abubakar signed the constitution into law on May 5. Sapa-AFP

Nigeria's military ruler denies regime is looting the treasury

FROM AFP

CT (BR) 18/7/99

(226)

Lagos - General Abdulsalami Abubakar, Nigeria's outgoing military ruler, has denied media reports that his regime has looted the public coffers before it hands over to an incoming civilian government.

Abubakar said at the weekend that reports of a massive spending spree by members of his regime before the transfer on May 29 were "very, very unfair"

The general admitted earlier this month that Nigeria's foreign reserves had shrunk to \$3,1 billion under his regime from \$7 billion when his administration took over

The admission was a response to reports of a rush by ministers in the outgoing regime to award contracts for major capital projects

The award-winning independent magazine Tell last week lambasted the general's financial stewardship of the country, saying he was himself to benefit from several inflated contracts.

The magazine's cover story was entitled Looting Incorporated: How Abubakar and his Generals Plunder Nigeria. Other magazines made similar claims

Abubakar said the main reason for the fall in foreign reserves was not "looting" or the awarding of inflated contracts but the collapse in world crude oil prices earlier this year and the number of things done by the administration

"It is very, very unfair for somebody to sit down and accuse this administration of looting the treasury and looting the reserve," he said

"I have no fear. Anybody can go into the records, look into the books and see what we have done, see where we have spent the money

"You have the means to check your facts before you start talking fiction," he added

President-elect Olusegun Obasanjo told reporters at the weekend he was concerned by what he considered "imprudent" spending, and said he believed it would only end when power changed hands

"The imprudent spending will stop when those who are engaged in imprudent spending are no longer in a position to do so," he said

Paul Ogwuma, the Central Bank of Nigeria governor, admitted last week the government's current deficit was worse than previously acknowledged

"In 1998, the account of the federal government closed in the red, with an actual deficit of 133,4 billion naira (R7,8 billion), compared with 57 billion naira, which was provisionally announced in the 1999 budget," Ogwuma told reporters

For 1999, a deficit of 34 billion naira had been predicted. "However, the actual deficit during the first quarter of 1999 has exceeded the entire 1999 projection by a wide margin," he cautioned

Military drains Nigeria's coffers

Nigeria faces a new financial crisis, following the looting of its treasury, writes Chris McGreal

Nigeria's outgoing military government has plundered billions of dollars from the country's foreign reserves in a last-minute grab before it surrenders power to an elected president at the end of the month.

Officials of the incoming civilian administration are angered at one of the swiftest looting of the national treasury by any military administration. They say it will destabilise efforts by the president-elect, Olusegun Obasanjo, to revive Nigeria's wrecked infrastructure and battered economy after he takes office

**General Abdulsalami Abubakar:
Called a halt to public spending**

military ruler, General Abdulsalami Abubakar, called a halt to new public spending after revealing that foreign reserves have plunged by almost half to \$3.5-billion since January. But Abubakar implicitly conceded that the damage has already been done when he warned that a new financial crisis looms.

When Abubakar took power last year he was widely praised in the West for his promises to end 16 years of military rule and to track down the hundreds of millions of dollars stolen by his predecessor, General Sani Abacha.

But, while the army appears ready to stand by its commitment to hand over power, the military administration is apparently little better than its predecessors when it comes to

plundering Nigeria's wealth. In recent months, the regime has awarded top junta members — including the chief of the general staff, Admiral Mike Akhigbe — dozens of lucrative government contracts. The fees are swiftly turned into hard currency and spirited out of the country.

Among the projects landed by the regime's officials is the \$220-million construction of a new national assembly, a similar amount to build a new defence headquarters and \$100-million for a new police centre. Obasanjo administration officials say the price of the deals is greatly inflated.

Contracts have also been awarded for the revival of schemes abandoned 20 years ago. About \$600-million worth of last-minute deals for construction and other large projects have been signed in the last month alone.

The incoming government and international bankers have also criticised the awarding of lucrative oil exploration concessions to firms run by senior military officers at prices lower than foreign companies were willing to pay.

Abubakar is personally responsible for approving oil and defence contracts.

Besides the awarding of contracts, perhaps as much as a third of the reserves were spent on propping up the Nigerian currency, the naira, although it has still plummeted by more than 10%.

But almost \$1-billion has disappeared behind the mysterious screen of "defence spending". Practically no one outside the military knows how the money is allocated.

Abubakar has blamed the rapid fall in reserves on a sharp drop in oil revenues, the cost of holding February's general election, and the price of hosting the youth world football championships in Nigeria this year. He has also blamed the high cost of peacekeeping operations in Sierra Leone.

But the army's critics scoff at the explanation. They point out that all three expenditures could only account for a few hundred million dollars and that, again, it was military men who won many of the contracts for hosting the youth world cup. The telecommunications contract alone was worth \$50-million. The government has yet to reveal what happened to many of the vehicles, computers and the satellite equipment after the championship was over.

In February, Abubakar personally approved the awarding of oil exploration contracts, considered a licence to print money, to companies owned by his own colleagues. This was dressed up as "indigenisation" of the industry.

Among the beneficiaries was Akhigbe, a powerful member of the ruling military council. Nigerian press reports say Abubakar has a stake in four of the oil contracts. The regime has not denied it.

Among the foreign firms awarded oil concessions is a German company, Julius Berger. It is also expanding and renovating Abubakar's sprawling private residence.

The incoming civilian administration has pledged to review the oil contracts after it takes office.



BD 26/5/99 (226)
Nigerian economy 'fragile'

LAGOS — Nigerian manufacturers have warned that a series of setbacks have taken the nation's economy to the "verge of collapse"

The Manufacturers' Association of Nigeria said in its economic review that both domestic and external sectors of the economy are "precariously fragile"

The manufacturing sector has been knocked by the energy crisis, general infrastructural weakness and poor consumer demand

"The results of these unfavourable conditions can be seen in reduced capacity utilisation at 31,3% in the past six months, compared with 34,32% in the corresponding period the previous year," the association said. Growth in gross domestic product, which stood at 3,2% in 1997, was estimated to have declined to 2,4% last year — Kingsley Kubeyinje

Nigeria gets 'a new chance'

(226) ET 27/5/99

ABUJA Dozens of foreign representatives, including Britain's Prince Charles, UN Secretary-General Kofi Annan and President Nelson Mandela, will witness on Saturday Nigeria's rebirth of democracy after more than 15 years of military rule when Olusegun Obasanjo is sworn in as the country's third elected president

The handover to civilian rule is being viewed around the world as a new chance, many say a last chance, for the country once seen as the powerhouse and hope of Africa

The most populous country on the continent, home to one in five Africans, is after years of military regimes, viewed as dangerously fragile

A federation of 36 states, home to more than 108 million people, Nigeria is a diverse country, composed of more than 200 ethnic groups brought together by Britain in 1914

From the creeks and marshes of the southern delta region, to the deserts of the north, it is riven by differences in history, language, religion, tradition and wealth

The average income is \$260 a year, yet Nigeria is the world's seventh largest crude oil producer and boasts more dol-



NEW HOPE: Nigerians look to civilian leader Olusegun Obasanjo for stability

lar millionaires than any other African nation

Obasanjo, a former military ruler of the country from 1976 to 1979, was jailed under the late military ruler Sani Abacha. He was released in June last year when Abacha died and was

returned to power in elections held in February, beating former finance minister Olu Falae

Obasanjo and his new government will have to tackle in haste some of the massive problems left behind by a succession of military regimes which have misruled Nigeria for all but four years since a first coup in 1966

Among them are the tensions in the under-developed oil-producing delta region, the stagnant condition of the economy, the demands for devolution to the regions, the collapse of infrastructure and the corrosive spread of corruption in government

Political analysts say a failure to resolve some of the problems could see a renewal in pressure for a break-up of the country, particularly in the south-west, and a collapse in law and order

Pro-democracy campaigners say, however, that the return of an elected government will give Nigeria a chance

"We haven't previously allowed civilian, democratic rule, a chance. We have to learn to weather a storm as a democracy and entrench democratic rule," said Clement Nwankwo, head of a coalition of 63 democracy and human rights groups — Sapa-AFP

REST OF AFRICA

Nigerian politicians jostle for top jobs

William Wallis

Financial Times

Obasanjo's choice of ministers and advisers crucial to his credibility

PD 27/15 199

(226)

LAGOS — Olusegun Obasanjo, Nigeria's president-elect, is engaged in a daunting task. By the end of this week, he should have selected an administration which ideally will reconcile bitterly competing regions, blend experience with new blood, and repay political and financial debts accumulated during an expensive election campaign.

It is a measure of how fragile Africa's most populous nation has become after 15 years of military rule, and how potentially explosive its divisions, that at so late a stage little has emerged of the shape of his cabinet and policies.

Obasanjo did not want to rock the

boat in the final stages of the transition to civilian rule.

The former military ruler of the 1970s, elected to the presidency in February, is due to be sworn in on Saturday. Aides say that only after the fireworks, prayer meetings, parties and inauguration ceremony at which dozens of heads of state are expected, will appointments be tied up and made public.

Already Obasanjo's People's Democratic Party has divided into noisy factions among national assembly members, promising to make life impossible for the president if their interests are not served.

No more discreetly, businessmen,

politicians and retired generals with fortunes to protect or contracts to win have sought to curry favour with the incoming administration by showering the president-elect and his wife Stella with gifts.

Aides say he has been deluged with applications while his every move is accompanied by frenzied lobbyists competing for his time.

His ability to pick loyal and competent ministers and advisers could make or break his administration, and with it Nigeria's chances of building a credible democracy.

There is increasing concern among a younger generation of Nigerian professionals and en-

trepreneurs that familiar politicians, tested and found wanting in previous military and civilian governments, are dominating the game.

"Obasanjo is being subjected to undue pressure from the old-school ministers from 25 to 30 years ago who are shamelessly attempting to stage a comeback, having failed to deliver in the past," says a close business confidant.

While giving few clues as to who will be in the cabinet, Obasanjo has attempted to allay fears, saying only honest men will gain a place. But among those who contributed to the huge sums spent on his and his party's campaign were powerful retired

generals with an interest in preserving the status quo and staving off investigations into the economic crimes perpetrated under military rule. How many of their favoured candidates win cabinet posts could determine how serious Obasanjo is about recovering the huge fortunes amassed at the expense of ordinary Nigerians.

His ability to stabilise Nigeria's nascent democracy will also be determined by how he tackles regional rivalries. Already the positions of president, vice-president, senate president and assembly speaker have been carved up between the southwest, northeast, southeast and northwest. On top of this, "zoning" as it is known locally, has been extended to the cabinet.

Western governments happy with Obasanjo

LAGOS — Two decades ago Gen Olusegun Obasanjo said Nigeria would be among the world's 10 leading nations by the end of the century

He almost certainly did not mean in world perceptions of political instability, corruption, crime, drug trafficking and general disorder

As Obasanjo takes office on Saturday for the second time, Africa's most populous nation is enjoying a shot of international goodwill after 15 years of military rule. His challenge is to balance aspirations to speak with a big voice on the world stage against the need to address the desperate problems at home

Western governments are more than happy to deal with Nigeria as a respectable country for a change, given its importance as a force for possible stability

among the crumbling states of West Africa

Whether Nigeria is able to maintain military involvement in countries like Liberia and Sierra Leone is another question

The expectation that Obasanjo will wind down Nigeria's involvement in Sierra Leone has helped encourage its government into peace talks with rebels

But even as the way opens for a face-saving exit from Sierra Leone, feelers are being put out to Obasanjo to help in crises everywhere from Guinea Bissau to the Democratic Republic of the Congo

Then, Nigeria was riding high on an oil boom. Now it has to plead with creditors for debt relief — Reuter

Countdown, Page 16

(326) 20 27/5/99

Nigeria on coal privatisation path

GODDY IKEH

Lagos - The Nigerian Coal Corporation (NCC), the state-owned mining company, has privatised 75 percent of the country's northern Okaba coal mines through a production-sharing joint venture with Nordic Industries, Gregory Iwu, the NCC's managing director, said at the weekend

The government's production-sharing joint venture agreement with Nordic Industries, a consortium of Danish, British and local firms, would develop Nigeria's coal industry in line with its privatisation programme

Iwu said the open cast mines at Okaba, in the northern Kogi

state, were fully developed. The roads and drainage systems were constructed for easy accessibility and coal removal

"All the investments for exploration, development and exploitation will be the responsibility of the private investor," he said. "NCC will get 15 percent of all the coal produced when the mine becomes fully operational."

This arrangement would generate employment for people in the catchment area and provide some social infrastructure for the community

"Clearly, the role of the NCC is now that of supervision and regulation of mining activities in relation to coal, to ensure orderly

development and exploitation"

The NCC would ensure all mining activities were carried out according to mining laws and regulations, and with minimum hazard to miners and the environment

Iwu said the coal jetty in southeastern Port Harcourt was being modernised to ensure speedy evacuation of coal for export

He said existing mines were being developed to attract private investors

The concession granted to Nordic Industries at the Okaba/Odagbo axis, had a reserve of about 22 million tons of coal - Independent Foreign Service

CT (DAR) 27/15/99 (226)



Democracy's other big African hope

(226) M+G 28/5-3/6/99

Nigeria's transition to democracy will come full circle on Saturday.
Chris McGreal reports

Nigeria's first elected president in two decades will be sworn in on Saturday to grapple with a plundered treasury, decaying infrastructure and unrest in the oil fields, while wondering if there's a soldier waiting to take his job

President Nelson Mandela is among the heads of state who will attend General Olusegun Obasanjo's inauguration. The passing of the baton in South Africa is in stark contrast to the handover in Nigeria.

South Africa's young democracy is already well rooted. Nigeria's could hardly be more fragile. Obasanjo — who will be only the third civilian president since independence in 1960 — will be sworn into office with the army staring over his shoulder. Yet Nigeria's revival is as essential to the continent's rebirth as South Africa's continued stability.

Nigeria has slipped far down the list of developing nations, despite its vast oil reserves. It is on a par with some of the world's poorest countries in the provision of education and health care, and in the rate of premature deaths. The United Nations places Nigeria 142nd out of 174 countries on its human development index.

"Every aspect of Nigerian life is crying for attention, including water, electricity and corruption," Obasanjo said this week.

On Wednesday Nigeria's outgoing military ruler General Abdulsalami Abubakar, told other members of his regime that theirs should be the last military government.

"I wish to remind you that military intervention in government is no longer fashionable," he said, according to a military communiqué. "I therefore urge your unalloyed support to the incoming civilian administration and ensure you play your traditional role of defending the country."

The omens are mixed.

The military embarked on a massive spending spree earlier this year. Foreign reserves have plummeted to \$3 billion, less than half their level six months ago, as the army awarded hundreds of inflated contracts to firms controlled or partially owned by high ranking soldiers, and contracts for lucrative oil exploration sites in similar circumstances.

Officials with the incoming administration warn that if Abubakar and his colleagues in the ruling military council seriously intended to ensure strong civilian government they would have protected the reserves which are vital to economic revival.

Some of the army's most ardent critics suspect that the soldiers are laying the ground for another coup. Economic chaos and public discontent have long provided the potent brew in which the military is cheered back into power.



President-in-waiting General Olusegun Obasanjo, who will be inaugurated on Saturday, is set to take Nigeria into the new millennium.
PHOTOGRAPH: AP

Yet most Nigerians are so sick of army rule that Obasanjo's administration will have to fall badly for them to welcome a return of the soldiers.

Obasanjo has never publicly stated why he sought the presidency again. His supporters say he believes he is the only man capable of resurrecting Nigeria. Cynics say he is seeking to further enhance his international standing.

An early test of Obasanjo's promises of good governance will be the extent to which he is prepared to tackle pervasive corruption. It will also be his most difficult task.

Many of those elected on Obasanjo's coat tails to Parliament and regional government clearly have not changed their spots. Some already appear more than willing to continue the established system of kickbacks and largesse. Breaking that habit while not alienating Parliament will prove difficult. And the president-elect is not even talking about hunting down the billions of dollars stolen by his predecessors.

Obasanjo will also have deal with a potentially explosive problem — growing instability in the oil rich Niger delta where most of the nation's wealth is produced. More and more communities are demanding cash from the oil companies which have exploited the delta for decades with almost no benefit to those who live there. With sabotage and hostage-taking on the rise there is a potential for greater conflict which could have a serious impact on oil production and revenues.

But ultimately it is the economy that matters to the bulk of impoverished Nigerians, and the

new administration is already looking overseas for crucial help. Obasanjo's inauguration opens the way to better relations with the West after five years as a semi pariah. Nigeria is to be readmitted to the Commonwealth on Saturday. It was suspended from the organisation following the execution of the Ogoni rights activist, Ken Saro Wiwa.

The West wants a stable Nigeria as an economic engine for West Africa and to continue its role as regional peacekeeper in Sierra Leone. In return, Abuja wants debt relief. Britain is leading the charge to call a moratorium on the \$2.5-billion a year Nigeria is supposed to pay to service its debt. If Obasanjo proves an able president, the debt may even be written off. But it will probably remain on the books for now as a stick with which to beat any attempt by the army to take back power.

Obasanjo was himself a military ruler, for three years from 1976, although he has had his own problems with the army. General Sani Abacha, the most thuggish of Nigeria's recent dictators, imprisoned Obasanjo for allegedly plotting to overthrow his regime.

Twenty years ago Obasanjo ruled largely by decree. Now he has to take account of an elected Parliament. In the 1970s, Obasanjo was keen on centralised economic control and high cost government projects. Now he will be subject to International Monetary Fund agreements on government spending and privatisation.

But unlike most of Nigeria's recent military

rulers, Obasanjo has a wide range of international contacts and friends — from former United States president Jimmy Carter to Margaret Thatcher — willing to provide guidance.

Many Nigerians view the incoming government less as democratic than an interim measure on the road to democracy. February's presidential and parliamentary elections were deeply flawed. The ballot was tainted by widespread fraud.

But Clement Nwankwo, head of the pro democracy Transition Monitoring Group, argues that although the elections were imperfect they were nonetheless an important step toward democracy.

"I don't think anyone really thinks the government that is coming in is a democratic government. It is a transitional government," he said. "The institutions need to be made to work. There has to be a Constitution that provides for separation of powers. The watchdogs have to perform their role. The judiciary has to be given the independence to do its job. There is a long way to go yet."

The desperation of Nigerians for change was demonstrated by an incident earlier this month when a false rumour spread that Obasanjo had died.

The young street thugs in Lagos, known as 'area boys', rioted. Only a swift appearance on television by the president-elect — declaring "I am alive and will be alive to rule Nigeria" — quelled the violence.

Nigeria's Obasanjo receives praise for bold first changes

(226)

ABUJA — Nigeria's newly installed President Olusegun Obasanjo won plaudits yesterday for making quick moves towards dismantling the legacy of 15 years of military rule and giving Africa's most populous nation a fresh start

New heads of the armed forces, police, civil service and central bank were named within hours of Obasanjo's swearing in on Saturday, nearly two decades after he stepped down as military ruler to make way for the last elected civilian president

"I think the appointments are a good signal and confirm that he's on top of things," said Olisa Agbakoba, human rights lawyer and leading opponent over the years of military rule

One of Nigeria's most respected soldiers, Maj Gen Victor Malu, was appointed new head of the army at a time when it is facing inevitable restructuring to return it to a purely military role and to avert any further coups

The vital oil sector is set for change after the appointment of Organisation of Petroleum Exporting Countries (Opec) secretary-general Rilwanu Lukman, a former oil minister, as petroleum adviser

and a changing of the guard at the state-run Nigerian National Petroleum Corporation

A new governor with a solid reputation from the private sector, Joseph Sanusi, was appointed to the central bank, which has said little in recent years as the military brass pilfered billions of dollars from state coffers

Obasanjo began his second day in office by attending a three-hour interdenominational Christian service in the capital Abuja, during which he read Psalm 23 (the Lord is my shepherd) to the applause of the congregation

Aides said Obasanjo would name his cabinet of ministers this week, but believed that the new administration would rely heavily on the presidency for important decisions

In less than a year since dictator Sani Abacha's sudden death, Nigeria has striven to shake off a reputation as a pariah state notorious for human rights abuses

A last-minute spending spree by the military government forced foreign reserves down to \$4.6bn from more than \$7bn within week, leaving Nigeria more reliant on foreign debt relief — Reuter

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Nigeria's Obasanjo is sworn in as president

(226)

CT 31/5/99

LAGOS: Naming Nigeria's new government will be a difficult first test for new President Olusegun Obasanjo after he was sworn in as the country's first civilian ruler in over 15 years, analysts said yesterday

Obasanjo, 62, was installed this weekend as president, ending military rule in Africa's most populous country, and immediately set himself the challenge of naming a credible government

The retired general, elected in February on the banner of the centre-left People's Democratic Party (PDP), has come under pressure to name a government including members of all three official parties

"Too many drawn from the opposition Alliance for Democracy and All Peoples Party, however, and he will upset his own party," said Jadesola Akande, law professor at Lagos State University

"Too few, and he risks disruption of his programme in parliament," Akande added

As well as party considerations, the general has also to consider regional issues in drawing up the list of his 36-member cabinet

Nigeria has long been riven by regional tensions and dominated by a northern-run army, with too little power given to people from the south-west, south-east and the southern Delta region

Under the new constitution, however, Obasanjo must draw up his cabinet with

members from each of the 36 states of the federation

Speaking on Saturday, the new head of state gave few hints about who will make it into his ministerial team, expected to be announced this week

So far, dozens of names have been mentioned in the press. Among the most regularly named is retired General Theophilus Danjuma, a former chief of army staff, as defence minister

But other key posts — finance, foreign affairs, interior ministry — have inspired little consensus

Some initial appointments have already been made

On Saturday, Obasanjo named four new military service chiefs, a new central bank governor and a key adviser on the country's crucial petroleum industry, Opec secretary-general Rilwan Lukman

Amid much speculation, Obasanjo said he was aware that his choice of ministers would "send a positive or negative signal to Nigerians and the international community"

No one suspected of past corruption would be allowed back into government, he said, adding that ministerial portfolios will be given only to those judged credible

And those appointed will have their work cut out for them, he added — Sapa-AFP

Obasanjo faces huge challenge in reforming legacy of past regime

Nigeria swears in a new democracy

MATTHEW TOSTRIN

Abuja, Nigeria - General Olusegun Obasanjo, Nigeria's elected president, was sworn in at the weekend, ending 15 years of military rule which crippled Africa's most populous nation.

He quickly focused on work by naming one of Nigeria's most respected soldiers to head the army, appointing Opec's secretary general as adviser on petroleum and energy, and naming a new Central Bank director.

Topping Obasanjo's list of promises as he returned to office after a break of two decades was dealing with corruption, which has bedevilled the country under

successive military regimes.

"There will be no sacred cows. Nobody, no matter where, will be allowed to get away with it," Obasanjo told outgoing General Abdulsalamu Abubakar and dignitaries at the ceremony in Abuja.

Obasanjo commits to tackling culture of corruption which military rule fostered

Nelson Mandela, the South African president and Britain's Prince Charles were among foreign representatives whose presence at the handover undermined Nigeria's rapid progress from pariah state to democracy since the death of dictator Sani Abacha last June.

A year ago Obasanjo, a former military ruler who in 1979 handed power over to Nigeria's last elected president, was serving a 15 year jail sentence for an

alleged plot to topple Abacha.

Obasanjo takes up the reins as Nigeria faces its worst economic crisis since independence from Britain in 1960.

Years of pillaging by a succession of military brass has left Nigerians short of electrical power, communications, education, healthcare and fuel. The lack of fuel is ironic in Africa's biggest oil producer.

Describing the situation as bleak, Obasanjo called during the handover ceremony for Western countries to lift his country's burden of foreign debt. But he also told Nigerians they should not expect miracles without making sacrifices.

Obasanjo's media adviser announced immediately after the ceremony that key appointments had already been made. Major General Victor Malu, Nigeria's most respected soldier

for his role as former commander of the peacekeeping force in Liberia and Sierra Leone, was named as head of the army. The army will inevitably face major restructuring under the new government.

The heads of the air force, navy police and civil service were changed.

Retired General Alyu Mohammed, who played a big role in organising Obasanjo's election success, was appointed national security adviser. General Rilwanu Lukman, the Opec secretary who was oil minister under the former military president Ibrahim Babangida, was named oil adviser. The appointment of a new head for the Nigerian National Petroleum

Corporation, the state oil company, pointed to big changes in this vital economic sector.

Obasanjo is expected to name his cabinet next week. Other retired military officers from his generation, which fought a civil war in the 1960s and took political power in the 1970s, could feature in it.

His return to office marks an ethnic power shift to the mostly Christian and animist south from the Muslim north which has dominated since independence.

Rivalries among Nigeria's 200-plus ethnic groups lie at the heart of the country's instability. Currently disturbances in the oil-producing Niger Delta, where impoverished villagers are de-

Democracy brings power shift from Muslim north to largely Christian south

manding a greater share of the region's wealth, have threatened to cut Nigeria's oil export lifeline. Despite the ethnic differences and cynicism about motives and abilities of civilian politicians,

Nigerians have invited change. "May 29 1999, must rank second only to October 1 1960, the day of our independence from Britain," said Abubakar, a soft-spoken career officer who left



HEAVY LOAD (left) General Olusegun Obasanjo, Nigeria's new president, with Stella Obasanjo, the first lady, at a prayer ceremony in Abuja yesterday.

PHOTO BY AP

Abuja for retirement at his northern home town of Minna. "After 15 years of military rule, today is significant as a day of promise for a great future."

Reuters

Obasanjo to fight corruption

(226)

ABUJA -- Nigerian president Olusegun Obasanjo began his first full day at work yesterday after being sworn in as the country's first elected president in more than 15 years, promising change within a year.

The retired general, who says God chose him to lead Africa's most populous country, huddled with officials to set out his programme after making a first series of appointments

Watched by South African President Nelson Mandela, Britain's Prince Charles and dozens of heads of state and government, the former soldier was earlier inaugurated as Nigeria's third civilian president since independence in 1960

Celebrations were held across Nigeria to mark the end of military rule in a country of more than 108 million people run by the military for all but four years since 1966 and reduced by them to impoverishment

Lambasting the condition in which the country has been left by outgoing regimes, Obasanjo, who ran Nigeria as a military man from 1976 to 1979, promised in his inauguration speech to make "significant changes within a year of my administration"

He vowed to fight corruption, work to revamp the economy, boost agriculture, resuscitate industry, improve education

and health services, rebuild infrastructure and reduce crime

But he added that he would need help

"I am not a miracle worker. It would be foolish to underrate the task ahead. Alone I can do little," he said

"I am going to ask you to make sacrifices and exercise patience"

Nigerians, he said, want a "quick improvement in the quality of the life of our people"

A flurry of balloons in Nigeria's green and white colours were released into the sky as singing broke out in the crowd, massed for the occasion in Abuja's Eagle Square to witness a hand-over that many 12 months ago would have thought impossible

But on June 8 last year, the then hard-line military ruler General Sani Abacha died, reportedly of a heart attack, and was succeeded by a moderate General Abdulsalam Abubakar who promised to release political prisoners and organise elections

One of the prisoners released was Obasanjo, who went on to win the February elections. On Saturday, Abubakar handed power to Obasanjo and retired from the army

Obasanjo said that he would need "good men and women" to help him in his cabinet -- Sapa-AFP

Sowetan 31/5/99

Morning after in the soldier's state

As one battle ends, another one begins at Nigeria's handing-over ceremony, writes Reuben Abati

SUNDAY was the morning after. It was when Nigerians returned to democratic rule, when one of us, Olusegun Obasanjo was sworn in as president of the Federal Republic. At Eagles Square in Abuja, we saw the military pull out of government to enable the Nigerian people to take control of their own destiny. The armed forces marched, airplanes spewing national colours flew over the square, speeches were made. Religious leaders led the people in prayers. We saw Nigeria on display.

But as I watched the celebration, I thought immediately of millions of our compatriots for whom the handing-over ceremony would have no real meaning until they begin to feel the effects of the change in their personal lives.

These are the civil servants in various parts of the country, who have been on strike over nonpayment of the contentious minimum wage, the tribe of unemployed youths, who have opted for a life of armed robbery and violence, ordinary people for whom life is long and puzzling and students and university lecturers for whom the Ivory tower has become one of contradictions.

I thought of the majority, who are unable to eat, the millions in hospitals, who are trapped between life and death, and our brothers and sisters in exile for whom every development at home holds so much value. For them, democracy will have no meaning until the infrastructure of state is revitalised and Nigerians can raise their heads once again and be proud that they belong to a serious-minded nation.

Democratic governance must be about service and efficiency: the government of the people for the people by the people must bring to the people happiness and fulfilment.

This is what the soldiers could not do.



Gen Olusegun Obasanjo, left, shakes hands with Nigeria's outgoing military head of state, Gen Abdulsalami Abubakar, after the latter handed over power in Nigeria on Saturday. Picture AP

It was nice seeing the army and the paramilitary forces on parade marching so competently. We must ensure that soldiers from this moment onwards do only that.

What was dramatised on Saturday is the value of power, its transience and changeability. The past is gone, the present is different.

We may not know the future, but what we do know is that soldiers will no longer be able to terrorise us. Democracy is the people's government.

Soldiers at roadblocks, wielding guns and whips, they are gone, hopefully for good. On the morning after, Nigerians no longer felt like prisoners of war in their own country.

Gen Abdulsalami Abubakar began to look ordinary the moment he handed over to Obasanjo. I thought I could read relief all over him. The

man could not wait to get out of office. To the very last minute, he lived up to his reputation as General No Trouble. He appeared happy.

In 1993, when Gen Ibrahim Babangida, who annulled that year's election, was "stepping aside", he looked sullen. As for Gen Sani Abacha, he was determined to die in office, and God fulfilled his wish. Surely, history will be kind to Abubakar. He was the hero. He kept his word and shamed the prophets of doom, who said that May 29 would not come to pass.

In 1993, Babangida could have done what Abubakar did at the weekend and step into history as a man of integrity. However, he made a different choice. Today, he is one of the most hated men in Nigeria. By annulling the election of June, 1993 he made the Abacha phenomenon possible.

Single-handedly, Babangida caused the derailment of the Nigerian ship of state.

Babangida must have been truly sorry on Saturday. If he had handed over to Chief Moshood Abiola in 1993, our history would have been different. He must have been uncomfortable yesterday, like a thief in the open.

I listened carefully on Saturday to hear something about the heroes that made yesterday possible, those who died so that Nigerians could see a new dawn — Abiola, Gen Musa Shehu Yar'Adua, who died in detention under Abacha, and Ken Saro Wiwa, who was executed by Abacha — martyrs of our recent history.

Nobody did, not even Obasanjo. He made an oblique reference to those who died in the struggle but certainly that was not enough.

Obasanjo has been granted the second chance he wanted, but his life will change. Official protocol will not allow free movement. Those farmers and neighbours at his farm in Ota, who used to visit Obasanjo to discuss neighbourhood matters, will now realise that their famous neighbour is no longer so easily available.

He can no longer worry about that neighbourhood. Every Nigerian is his neighbour, now and he is our chief security officer.

There is a lesson to be extracted from Saturday. In attendance in Abuja were presidents Gnassingbe Eyadema of Togo, Jerry Rawlings of Ghana, Yoweri Museveni of Uganda, Robert Mugabe of Zimbabwe, Daniel arap Moi of Kenya and Laurent Kabila of the Democratic Republic of Congo.

These heads of state had come, I believe, to celebrate with Nigeria and to present themselves as the symbols of democracy in Africa. But what kind of symbols are they?

Collectively, they illustrate the point that democracy can be easily abused by a greedy and self-seeking leadership. Moi is the policeman of Kenya, breathing down the necks of the opposition. Eyadema is determined to remain president for life. Museveni is a benevolent dictator. Not so long ago, Rawlings and his former deputy resolved a disagreement with heavy punches. They turned the presidential villa into a boxing ring. Obasanjo must avoid their company.

Finally, was Chief Olu Falae, Obasanjo's rival in the presidential race, invited? Or is he still fighting Obasanjo after disputing the election results? Would someone kindly tell him that the battle is over and another battle has begun.

L. Abati is deputy chairman of the editorial board of Nigerian daily newspaper The Guardian.

Obasanjo freezes deals as Nigeria's clean-up begins

(226)

APR 17 6/99

Abuja - Nigeria's new President, Olusegun Obasanjo, has ordered the immediate suspension of all recent commercial contracts agreed under his army predecessor and threatened corrupt civil servants with dismissal.

The moves, on Mr Obasanjo's first working day in office, were the clearest possible sign that he intended to live up to pledges to dismantle the legacy of 15 years of military misrule which have crippled the country.

Presidential spokesman Doyin Okupe said in the statement "A panel is to be established to review the affected contracts, licences, awards, approvals and appointments to determine their propriety and relevance."

Affected by the suspension order are 11 potentially lucrative deep offshore oil concessions awarded under

General Abdulsalam Abubakar - who stepped down on Saturday - to firms linked to powerful military interests.

It was not immediately clear whether contracts to pump Nigerian crude oil were halted by the order, which affected deals agreed since January 1.

The statement said projects or decisions would be reconfirmed, adjusted or cancelled depending on their importance to Nigeria in its present crisis.

At a meeting in Abuja, Mr Obasanjo lashed Nigeria's most senior civil servants.

"You know those who are corrupt. You have a duty to flush them out of the system," he said.

"Those of you who are civil servants and contractors must get out now," he shouted at a later gathering of lower-ranking officials - Reuters.

Nigeria puts contracts on hold

FROM AFP

Abuja, Nigeria - In a first move against much-criticised spending by the past military regime, Olusegun Obasanjo, Nigeria's new president, had suspended contracts worth hundreds of millions of dollars, Doyin Okupehis, the presidential spokesman, said yesterday

He said the retired general, who was sworn in on Saturday following elections in February, had ordered the creation yesterday of a panel to review all contracts, appointments, awards and licences made since January 1

From January to the end of May, the last military regime signed dozens of contracts worth hundreds of millions of dollars covering various oil, construc-

tion and engineering projects

The deals included the building of a new defence headquarters, a domestic terminal at Lagos airport and offices in Abuja for the Central Bank of Nigeria

Contracts worth \$600 million were reported to have been signed in the few weeks between February and mid-April

The regime also awarded licences, allegedly to cronies of the outgoing team, to operate 11 lucrative oil blocs

"A panel is to be established to review the affected contracts to determine their propriety and relevance in the light of the country's current economic and political realities," Okupehis said

"Cost adjustments or outright cancellation will be carried out where necessary

(226)
"Government's decisions on the (review panel's) periodic reports will be made public"

Obasanjo said early last month he would review what he termed "imprudent spending" At his inauguration on Saturday he made much of his desire to combat corruption in all levels of government

"Corruption, the greatest single bane of our society today, will be tackled head on at all levels Corruption is incipient in all human societies and in most activities But it must not be condoned," Obasanjo said

The last government said last month that the foreign reserves had fallen under its stewardship from over \$7 billion to \$3.1 billion, as the result of necessary government spending

(226) ~~116~~ 116/99 CT.
Nigeria suspends govt contracts

ABUJA: New Nigerian President Olusegun Obasanjo yesterday ordered the suspension of all contracts, licences and appointments made since January 1 by the previous government, his spokesperson Doym Okupe said

Obasanjo took over the presidency on Saturday, ending more than 15 years of military rule

"Only the judiciary is exempted from this order," Okupe said. The contracts affected run into hundreds of millions of dollars.

● The European Union said yesterday that it would lift all remaining sanctions against Nigeria today and resume development aid to the country

The lifting of sanctions will pave the way for the renegotiation of \$345,3 million in development aid which was allocated to Nigeria before 1995 — Sana-AFP Reuter

Scores killed as ethnic battles erupt in oil delta

(226) (221A)
William Wallis

BD 316/99 *Financial Times*
LAGOS — An outbreak of ethnic fighting has flared up in Nigeria's oil-producing delta, despite assurances from President Olusegun Obasanjo that the region's problems would be a priority of his new government.

Oil companies earlier helped evacuate hundreds of villagers after militant Ijaw youths attacked rival Itsekiris near the town of Warri, killing as many as 50 people. Some reports have put the deaths as high as 100.

An official from Chevron, the US oil company, said militants of the Ijaw ethnic group had threatened to blow up a 3.6m barrel storage tank farm connected to the Escravos terminal if the government sent troops into the affected area.

The fighting coincided with Obasanjo's inauguration last weekend. It underlines the challenge faced by his new administration in restoring stability to a region which produces the bulk of the country's revenues, but where inhabitants live in abject poverty.

In recent years, the Niger delta has teetered on the brink of outright rebellion. Neighbouring villages fight each other. Young minority activists target oil companies with sabotage and kidnapping in an attempt to drive home their demands for a fairer share of revenues.

At one point last year, they forced the closure of about a third of Nigeria's 2-million barrels a day of oil production.

Long-standing animosity between the Ijaws and the Itsekiris — two of the predominant local ethnic groups — has been exacerbated by growing pressure on the land, as well as competition for scant local government funds and oil company handouts.

In his inaugural speech, Obasanjo singled out the problems of the oil-producing states and promised his government would hold a dialogue with aggrieved communities.

He said that a bill increasing revenue allocation to the states from 3% to 13% would soon be forwarded to the new national assembly as part of a wider programme.

Several minority groups have pledged to give him a chance to address their grievances.

In some areas, clan leaders have lost control of a dispossessed generation of young men. These youths have grown accustomed to surviving by criminal means, rendering parts of the delta ungovernable.

AFRICA

(226)

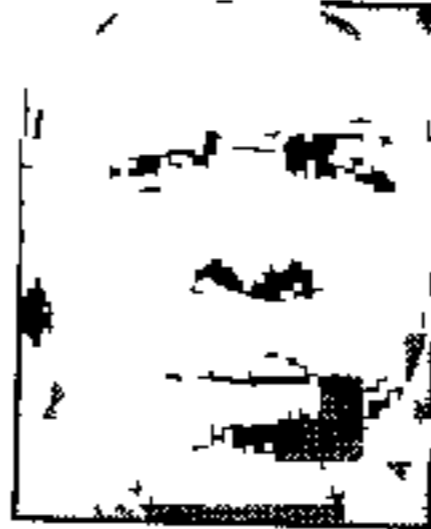
Obasanjo fires 99 officers in anti-corruption measures

NIGERIAN President Olusegun Obasanjo has dismissed 99 officers in the notoriously corrupt customs service, in another move aimed at revamping the public service

Obasanjo dismissed the seven assistant comptrollers-general and 92 other officers yesterday, spokesperson Doyin Okupe said. He also approved a series of appointments in the service

Since being sworn into office last Saturday following February polls, Obasanjo has taken a series of measures aimed at tackling corruption, and suspending contracts, licences and appointments made in the last five months of the previous military regime

On Tuesday he announced the formation of a promised panel to review contracts, under the chairmanship of former top businessman Christopher Kolade



OBASANJO

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Hafsat Abiola, left, daughter of Alhadja Kudirat Abiola, lays a foundation stone in memory of her mother who was killed by unknown assailants in 1996. Thousands marched to the Abiola residence at the weekend to commemorate the assassination.

Picture AP

Obasanjo vows to root out corruption

Kingsley Kubeyinje and Irin (226)

LAGOS — Nigeria's new president, Olusegun Obasanjo, is to submit an anti-corruption bill to the newly inaugurated national assembly in two weeks' time.

He told a joint session of the Senate and House of Representatives on Friday that the law would "prevent and punish corruption", and that the new government hoped to "demonstrate the extent to which mismanagement has cost the nation all these years".

The government's objective was to "put in place cost-saving measures and stringent financial management as a starting point to economic recovery. Mechanisms will be put in place for permanent and constant surveillance to ensure probity and accountability."

He described the nation's economy as "gloomy and pathetic". At the end of last month, a deficit of about \$2.5bn had been recorded for this fiscal year.

Obasanjo promised to remedy the situation with concrete and prompt measures. He said the curtailment of extra budgetary expenses would save the nation \$1.6bn, and hinted that there would be further job cuts in the public service, especially in what he described as "bloated national institutions".

Obasanjo said the government and the World Bank and International Monetary Fund were already discussing the retraining of public servants to be affected in the rationalisation exercise.

Within three days of his inauguration, he suspended contracts awarded by the former military regime, and retired nearly 100 officials from a service regarded as one of Nigeria's most corrupt.

BD 7/6/99

Nigerian oil town in flames

WARRI— Youths fighting with automatic weapons took over the heart of Nigeria's oil industry hub of Warri yesterday after a fourth night of arson and killing blamed on ethnic rivalries

At least 14 people have died since Friday in the area after ethnic Urhobos joined the Ijaws in clashes with Itsekiri rivals, bringing the town's three main tribes into the confrontation. Security forces, who moved cautiously back towards the centre of Warri yesterday, said they believed the death toll inside the town could be higher, after clashes south of Warri last week in which up to 200 were reported dead.

"The centre of Warri was in flames last night. Everyone is trying to get out," said one resident trying to flee the town for nearby Ughelli. "Nobody expects the fighting to stop easily."

Residents said soldiers sent to Warri by newly installed President Olusegun Obasanjo had failed to quell the unrest, the immediate cause of which is a demand for new local government zones.

Roads leading out of Warri were jammed with cars as people who had not already managed to flee the centre tried to escape to neighbouring towns with whatever belongings they could pack in a hurry.

Officials of oil multinationals based in guarded compounds on the outskirts said most employees had been asked to stay away from work.

The crisis in the southern region that produces most of Nigeria's main export is a major test for Obasanjo at a time when Nigeria faces severe economic difficulties after 15 years of military rule. —Reuter

(226) BD 8/6/99

Obasanjo looks to bolster business ties with SA

(22b)

BD 9/16/99

Claire Pickard-Cambridge

NIGERIA's new president, Olusegun Obasanjo, is seeking greater SA involvement in his country's development and will be stepping up a campaign to promote business links when he arrives here next week.

The SA Foundation, which represents the largest corporations and multinationals, told a news conference yesterday Obasanjo had asked it to facilitate meetings with SA's leading private-sector players in a bid to encourage meaningful interaction.

Obasanjo is one of many heads of state who will be in SA next week to attend the presidential inauguration of

Thabo Mbeki. Obasanjo's request follows a visit last month to Nigeria, Senegal, Côte d'Ivoire and Uganda by a heavyweight SA business delegation led by Conrad Strauss, group chairman of Standard Bank Investment Corporation.

The visit was organised by the SA Foundation and involved meeting political leaders, academics and senior business, media and labour representatives.

Delegation members said yesterday they received an enthusiastic reception in the four host countries, which were keen to attract SA investment in areas such as engineering, infrastructure development and agriculture.

Delegates represented Boart Longyear, Stanbic, trading firm Mitsui, MTN,

Sasol, Siemens, Transnet, the SA Foundation, and the Senegal-based Gorée Institute. The latter promotes African democracy, culture and development and was founded after the 1987 Dakar meeting between the African National Congress and Afrikaner professionals.

Delegates said yesterday there was a strong belief in business circles that Obasanjo would gather the right people around him and was taking determined steps to stamp out corruption.

Countries such as Senegal and Côte d'Ivoire, the economies of which had traditionally been "pitched to the Parisian tune" and provided little shopping above the subsistence level, had expressed great interest in retailing

partnerships with South Africans. There was also no dairy farming in Senegal and the SA Foundation had contacted the SA agricultural union to encourage their participation in development.

In Uganda the delegation met President Yoweri Museveni, who briefed them on the problems and potential

Delegates also said a meeting in Côte d'Ivoire with top African Development Bank members had been a highlight of the visit. SA Foundation director Paul

Runge said the bank would open an office in SA and it hoped to encourage SA business to play a catalytic role in developing infrastructure in Africa. SA hopes to increase its shareholding in the bank to about 6%.

Nigeria starts again

LAGOS – The eruption of ethnic clashes in Nigeria's oil region has cast a shadow over the latest attempt at civilian rule, barely a week after it began

Fighting, which broke out as new president Olusegun Obasanjo was being sworn in on May 29, has now claimed up to 200 lives and sent a clear warning of the knife edge on which Nigeria balances after 15 years of military rule

"I think it has the potential to escalate further," said Victor Imevbore of the Environmental Resources Managers consultancy

"The Niger Delta problem is a very serious one and I'm not sure the government has a proper appreciation of it

"It is not going to blow away without serious compromise and if the people there are not redirected"

The immediate cause of the clashes around Warri is the demand by ethnic Ijaws, fighting Itsekiri rivals, for their own local government areas

But the crisis in Warri – which has now sucked in ethnic Urhobos too – is deeply rooted in years of poverty and a feeling of neglect by central government in the region which accounts for more than 90 percent of Nigeria's export earnings

Ethnic clashes and attacks on oil installations by youths demanding money have reduced Nigeria's crude output by as much as a quarter for short periods over the past two years

By cranking up production from shallow waters, where installations are easier to protect than on land, Nigeria could maintain well over half its oil output, while deep offshore fields offer big increases in several years

But in the meantime Nigeria is still reliant on the oil produced in the populated swamps and creeks of the Niger Delta, even firms working offshore have bases in towns like Warri

"If we cannot work in Warri, we must seriously consider how we can continue to produce oil in this part of the Delta region," said one senior Nigerian oil firm manager

"Whether we have to cut output or whether we have to increase security or look for other ways of maintaining operations, it will work out more expensive and inevitably have an effect on the economy"

Nigeria already faces its worst economic crisis since independence in 1960 after years of raids on the state treasury by successive military regimes

If oil revenues are cut it will make it even more difficult for Obasanjo to repair crumbling infrastructure and provide the bonus which many of Nigeria's 108 million people now expect from democracy

Obasanjo has been widely praised for the start that he has made on tackling corruption, but

Just days after the inception of civilian rule in Nigeria, ethnic clashes are still bedeviling the continent's most populous country, reports **Matthew Tostevin**

S. O. O. 9/16/99



Nigerian president Olusegun Obasanjo gives a speech after being sworn in on May 29 in Abuja

PIC ELECTRONIC IMAGE

he has yet to set out a clear policy for the Niger Delta or even make a specific statement about the escalation of violence in Warri

Ethnic groups in the Niger Delta, particularly the Ijaws, were disappointed that Obasanjo did not appoint an oil minister – a position which has traditionally been seen as the region's right

Extra security measures have yet to show much result in Warri, where residents reported soldiers firing in the air before leaving the battle ground to the armed youths

Dealing with violence is harder for elected politicians than for a military regime which could let the troops off the leash – as dictator Sani Abacha showed no qualms about doing until his death a year ago made the latest attempt at democracy possible

Questions have also been raised about the armed forces' readiness to deal with sustained violence in the region if it spread to several states at the same time

"Most of the elite and business people in the Niger Delta want peace" said Nduka Obagbena, whose independent *Thursday* newspaper is planning a summit this week to bring Obasanjo, oil firms, activists and youth groups together to defuse the crisis

"The disturbances mean it costs too much to do business and could affect investment in oil and other industries

"We have to bring everybody to the table to work out a framework for us to move forward," he said – *Reuters*

● The group that was led by the late minority rights activist Ken Saro-Wiwa welcomed Obasanjo's plans to probe recent human rights abuses on Monday

The Movement for the Survival of the Ogoni People (Mosop) called the setting up of a panel last week to investigate abuses between 1994 and 1999 a "courageous first step" by Obasanjo

"He needs to reinforce this initiative by giving the panel a mandate to investigate the wave of killings and abuses which occurred in Ogoni under General Abacha," Mosop said in a statement

The panel should also be allowed to prosecute those implicated in such killings, it said

The Ogoni are a small minority who live and have an active rights movement in the oil-rich, southwestern territory

Last Friday Obasanjo announced the creation of the panel to be chaired by a respected, former Supreme Court judge

In 1995 Mosop's leader, Saro-Wiwa, and eight others were hanged after a trial by a military tribunal in Port Harcourt, capital of Rivers State, on murder charges

Their execution on what many said were trumped up charges caused an international outcry, – *Sapa-AFP*

Gas to liquid technology 'could create a paradigm shift in the petroleum industry'

Sasol, Chevron in \$1bn Nigerian deal

(226) CT (NR) 8/6/99

JONATHAN ROSENTHAL

COMMODITIES EDITOR

Johannesburg - Sasol, the synthetic fuel producer, and Chevron, the US-based oil company, signed a memorandum of understanding yesterday to form an international joint venture that plans to invest \$1 billion in a gas to diesel plant in Nigeria.

They also undertook to investigate a range of other potential gas to diesel projects offshore. The agreement allows Sasol to participate with Chevron in oil

and gas exploration projects

Under consideration are projects in Kazakhstan, Papua New Guinea and Angola.

Pieter Cox, the chief executive of Sasol, said the company had realised it needed an international partner to successfully exploit its technology on the international market.

Richard Matzke, the president of Chevron Overseas Petroleum, said the gas to liquids technology under development by the groups was likely to become the preferred method of

commercialising natural gas resources.

The technology allows the companies to take natural gas, which would normally be flared, and turn it into crude oil or diesel, which can more easily be transported to markets.

"Gas to liquids technology (GTL) is so promising that its development could create an entire paradigm shift throughout the petroleum industry," Matzke said.

"There are trillions of cubic feet of natural gas throughout

the world, isolated from the traditional gas infrastructure.

"We believe the application of gas to GTL will become the preferred method to commercialise such natural gas resources."

Cox said he was unable at this stage to quantify the potential level of investment likely to arise out of the alliance.

The first project under consideration, a 30 000 barrel a day producer in Nigeria, has already been expanded from its previous estimated size of 20 000 barrels a day

It will produce a low-sulphur diesel fuel, which Cox said could sell at a premium in advanced markets because of its greater environmental cleanliness in comparison with normal diesel fuel.

"Never before has the oil industry faced such environmental challenges in both its operations and its products," Cox said.

"Not only does Sasol's GTL process offer a clean solution to an otherwise wasted natural resource, but GTL fuels are already being heralded as the

new generation clean fuels of the future."

He said the Nigerian project would remain profitable even at the low oil prices of \$10 to \$12 a barrel seen earlier this year.

The group confirmed that it was considering a project to produce liquid fuels from coal in the US, but it would only consider participation in the second stage of the process, namely converting synthetic gas into fuel.

Sasol's share price lifted 150c on the JSE yesterday to R41.25

REST OF AFRICA

Obasanjo purges military

LAGOS — Nigeria's new president, Olusegun Obasanjo, has begun what is expected to be a widespread purge of the army to weed out officers thought to harbour political ambitions

The announcement that 33 top-ranking military officers had been retired on Wednesday brought to more than 50 the number of senior officers to leave the armed forces since Obasanjo took over at the end of last month

Nigeria's military has ruled the country for all but 10 years since independence from Britain in 1960

The new president, a former military ruler, was elected in February, and sworn in May 29

Determined to stamp his mark on the army on assuming power, he named four new service chiefs on his first day in office, replacing the outgoing head of state, Abdulsami Abubakar, and his aides

On Tuesday and Wednesday, the retired general Obasanjo announced more dismissals

Among those to go were the former drugs agency chief Maj-Gen Musa Bamayi and two ex-commanding officers of the west African intervention force Ecomog, Maj-Gen John Injenger and Maj-Gen Timothy Shelpidi

Five former members of the last

military junta, the Provisional Ruling Council, were dismissed on Tuesday. Others followed on Wednesday, bringing to more than half the number of officers in that regime now pushed out

Several former military administrators, who ran the 36 states of the federation, have gone

Obasanjo's aides said yesterday that more dismissals would follow in the lower ranks

The army made its first incursion into political affairs in January 1966, staging a coup against a regime considered corrupt. It held on to power until 1979, when Obasanjo, then a general, ceded power voluntarily to civilians

The next government was not seen as a success, and in December 1983 the army returned to power, relinquishing control only two weeks ago. Under military rule, the country's resources have been plundered and its infrastructure has collapsed

Obasanjo's steps come on top of a number of measures announced since he was sworn in, which are evidently designed to clean up the political system

These include suspension of contracts worth hundreds of millions of dollars, signed by the last regime, and the setting up of a

probe into the human rights abuses of previous rulers

It was reported from Abuja that Nigeria has released a list of missing funds and illegally acquired property worth more than \$1bn seized from the family and aides of late dictator Sani Abacha

An official gazette released on Wednesday and signed by Abacha's successor, Abubakar, on May 28, the eve of his handover to Obasanjo, shows recoveries made from the family and four of Abacha's aides

More than \$760m was forfeited by Abacha's family in addition to estates in the capital Abuja and the commercial capital Lagos and holdings in Sierra Leone refineries valued at \$420 000

The former dictator's security adviser, Ismaila Gwarzo, forfeited 28 houses in different parts of Nigeria as well as holdings valued at \$140 000 in Sierra Leone refineries and more than \$2.1m

The gazette lists former finance minister Anthony Am as refunding DM30m and \$3m, while his power and steel counterpart, Bashir Dalhatu, refunded \$5m

Prominent Abacha supporter and businessman Azeez Arisekola returned \$100 000 to the government — Sapa-AFP, Reuter

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BUSINESS

Scramble is on to invest in democratic Nigeria

(226) CT(BR) 14/6/99

PETER FABRICIUS

Johannesburg – South African companies were advised to move fast to gain a foothold in the newly democratic Nigeria, “before the scramble gets fierce”, Kalu Kalu, the chairman of the Union Bank of Nigeria, said at the weekend

Kalu Kalu, speaking at a meeting with South Africans interested in investing in Nigeria, said the upcoming privatisations in that country would open the mining, telecommunications, agriculture, oil and energy industries for South African investment

The Union Bank is an offshoot from Barclays, the British bank, and is the only Nigerian bank operating in South Africa

The South African government and private sector are moving fast to invest. Twenty-two South African companies are to undertake a trade mission to Nigeria next month, led by the department of trade and industry and the Johannesburg Chamber of Commerce

Nigerians were keen to do business with South Africa, said John Thomson, the chief executive of Exhibition Management Services, which is helping to organise an exhibition in Lagos, the Nigerian capital, of the goods and services

provided by the 22 South African companies

He said his company had been inundated with requests from Nigerians looking for information about companies participating in the exhibition

“Nigerians are finding that their traditional trading partners like the UK and the US are proving expensive to do business with. Many Nigerians are looking to South Africa for cheaper, quality goods designed for the African continent”

Thomson said South African companies had been reluctant to do business with Nigeria before, but would test the market through the exhibit

The companies to exhibit in Nigeria cover a wide range, including electrical appliances, engineering equipment, food and general trading

The South African Foundation recently led a mission of major local corporations to investigate trade and investment opportunities in Nigeria and three other African countries

Olusegun Obasanjo, the Nigerian president, has asked to meet more than 40 South African business leaders to explore commercial exchanges, when he visits South Africa this week to attend the inauguration of Thabo Mbeki as president – Independent Foreign Service



A HEAD FOR INVESTMENT Olusegun Obasanjo, the president of Nigeria, hopes to meet leading businessmen this week

Solid minerals policy will be reviewed

Kingsley Kubeyinje

LAGOS — Nigeria's new government is to review its policy and programmes on solid mineral resources to identify forces militating against investment

President Olusegun Obasanjo said in Abuja that all factors which impeded the sector's development would be removed as a way of attracting foreign investors and joint venture partners

The nation's economic future would depend on how it was able to harness the solid minerals subsector

An official of the solid minerals ministry said government was concerned that the subsector, which has the capacity to earn more for-

20 15/6/99
foreign exchange for Nigeria, has not been given the priority it deserved

The official, who elected to remain anonymous, said while the country's petroleum reserves could be exhausted within three decades, the solid minerals resources could be exploited for the "next 1 500 years"

He blamed the slow pace of development on the lack of a clear-cut policy that would define the role of investors

Nigeria's annual export of solid minerals is put at about \$2bn. Of that amount about \$100m worth is officially exported, while the balance of \$1.9bn is smuggled out of the country by illegal miners

Nigeria, Africa's largest producer of crude oil, earns about 90% of

(226)
its foreign exchange from the sale of crude oil

In its bid to reduce overdependence on oil, the government created a separate solid minerals ministry to co-ordinate the development of the more than 30 different solid minerals found in commercial quantities in the country

Nigeria has also indicated in the past its preparedness to enter into joint ventures and production sharing agreements with the SA government, as well as with private investors

The Commonwealth secretariat also has pledged to assist the west African state to develop its vast solid mineral potentials through attracting foreign entrepreneurs to the subsector

Ethnic clashes thwart Shell in Delta

ET (MR) 15/6/99 (226)

MATTHEW TOSTEVIN

Warri, Nigeria - Ethnic clashes and political unrest in Nigeria's Niger Delta are disrupting both long- and short-term oil industry operations, Royal Dutch/Shell said recently

Albert Aramabi, Shell's external relations manager in Warri, said Shell's western division was producing about 370 000 barrels a day from a capacity of 450 000 barrels a day. This meant a drop in output even when Opec quota cuts were accounted for.

"We're still well below where we should be if things were operating normally. The point is that we're not even able to run the fields and run our production to meet that Opec level," he said.

"We have quite a considerable amount of disturbances in the western division."

The western division, which exports through the

Forcados Terminal, has been badly hit over the past year by unrest affecting swamp and land flow stations in most of its areas of operation.

The eruption of clashes near Warri between Ijaw, Urhobo and Itsekiri tribes after the end of military rule last month, have made it difficult for Shell to operate from the town, where fighting has left high casualties.

"We haven't been able to get supplies to our fields. Without food and water reaching the stations, things have reached a (difficult) stage."

Aramabi said there had as yet been no immediate effects on output from the clashes near Warri. Production was affected by ongoing unrest in

the northern swamp area.

Flow station closures to press political demands, the threat of kidnapping oil workers and sabotage have made it impossible to man installations on a 24-hour basis, he said.

"It will be more expensive, and definitely output will begin to drop when we find that we don't have time to maintain the facilities."

Aramabi said unrest had slowed development of the Odidi gas-gathering project in the northern swamp. The project is intended to use gas that would otherwise be flared for local power generation.

But he said after a long break last year owing to trouble in the southern swamp region, a rig that had been

dormant for several months was now drilling again, with plans to drill many more wells.

Aramabi said development planning of the new EA field was under way. He hoped the field, which would give the western division a greater shallow-water component, would be operating within a few years.

The root of the conflict in the Niger Delta lies in a long term feeling by impoverished villagers that they are neglected by central government.

But withdrawing is not an option for the government, which draws 90 percent of export revenue from the region or oil firms which can produce light, low sulphur crudes for as little as \$2 a barrel.

"It hasn't always been like this, and probably we'll go back to the good times if the problems are solved," Aramabi said - Reuters.

Revival of drilling in the southern swamp region gives hope to producers

ET 16/6/99

Obasanjo extends rights probe (aab)

ABUJA Nigeria's President Olusegun Obasanjo has extended the terms of reference of an inquiry into human rights abuses in the country back to January 1984

The panel, announced two weeks ago, was inaugurated yesterday. The seven-member panel, to be chaired by retired Supreme Court justice Chukwudifu Oputa, is to investigate the circumstances of human rights abuses and recommend changes that will make such abuses less likely in the future.

At first the panel was to probe rights abuses from 1994 onwards, but yesterday the terms were extended to December 31, 1983, when the military seized power from Nigeria's last civilian regime.

Obasanjo said he would consider a request by Oputa to extend the powers of the tribunal to call witnesses and grant amnesties, as done by South Africa's Truth and Reconciliation Commission.

"The exercise is to enable the government to stretch its hands in fellowship to all Nigerians and to put the experiences of the ugly past behind us. We want to reconcile those who feel alienated by past injustices, heal the wounds inflicted on our people and restore harmony," he said. — Sapa-AFP, IFS

SA, Nigeria can team up on conflicts, trade

(226)

Claire Pickard-Cambridge

NIGERIA is ready to work closely with SA in resolving conflicts in Africa, says Nigerian President Olusegun Obasanjo.

Outlining his vision of relations with SA at a Johannesburg news conference yesterday, Obasanjo said Nigeria also wanted to cooperate closely with SA in the economic, social and political arenas.

"A democratic SA and a stable and prosperous Nigeria can be two good pillars on which Africa can rest. The two can be instruments of

assistance, and the vanguard for hope, for the management and resolution of conflict and for the development and strengthening of our continent."

He also said Nigeria could consider sending troops to maintain peace in the Democratic Republic of Congo. "I was one of the first Nigerians who went to the Congo as members of a UN peacekeeping force in 1960. This could be possible again. Troops are sent under the right conditions and under the auspices of the United Nations, the Organisation of African Unity or

even the west African peacekeeping force, Ecomog."

After the rebellion last year, African countries had sent their troops into Congo on opposing sides. "This is unfortunate and it is not helping things," he said, emphasising that conflict should be resolved through dialogue.

Nigeria wanted other countries to co-operate in helping Congo "to help itself". Foreign troops should be withdrawn and a conducive climate created for peace.

Referring to the civil war in Sierra Leone, Obasanjo said he wanted

to get Nigerian troops out of the country — where they are serving in Ecomog — "as soon as possible without jeopardising security in affected countries."

Obasanjo said his meeting with SA business leaders at a dinner on Tuesday night had been positive. He had emphasised that Nigeria and SA saw each other as "desired partners", not competitors.

Obasanjo, who once chaired the advisory council of Transparency International, said he was determined to bring corruption to an end in Nigeria.

He described the campaign to recover state funds and assets from the family and collaborators of late ruler Sani Abacha as an "ongoing exercise".

The transitional military administration under Gen Abdulsalam Abubakar had not claimed to have finalised these recoveries — although \$800m and many properties had been recovered — and the process would go on for some time.

Abubakar's administration inherited foreign reserves of \$7.1bn at the start of its rule in January. By the time it left five months later,

reserves were only \$3.7bn. One of the first things Obasanjo did was to stop all approvals for government contracts, posts and payments to study merits of these decisions.

He also said a panel, headed by a supreme court judge, would probe human rights abuses.

Obasanjo has moved quickly to revamp the public service and purge the military of about 149 senior officers holding political office since 1985. He has said this was necessary to ensure the survival of democracy in Nigeria and to build new professional armed forces.

CT 17/09/2006
RESOURCES Home-grown companies expect to increase production

Oil role for Nigerian firms

JAMES JUKWEY

London - Indigenous Nigerian oil firms, which produce a fraction of the country's crude oil output, expected to raise production substantially over the next few years, the head of one of the companies said yesterday.

Tunde Afolabi, the managing director of Amni International Petroleum and Development Company, said local firms were becoming a force to reckon with in the industry. Oil is responsible for 90 percent of Nigeria's foreign exchange income but the sector is dominated by foreign multinational firms.

"Indigenous companies produce 100,000 barrels a day but in the next five years I can see this rising to closer to 10 percent of Nigeria's overall output," Afolabi said on the sidelines of a conference on Nigeria in London.

Nigeria pumps about 2 million barrels a day of mostly light sweet crude particularly rich in gasoline. In 1990 the then military government launched a policy of deliberately encouraging Nigerian entrepreneurs to invest in the oil sector.

"The idea was to have a home grown oil industry and this is now paying off," said Afolabi.

His own firm took off in 1993 and is jointly owned with two other prominent Nigerians. It went into partnership with Canadian firm Abacan



Folawiyo hoped the "marginal field legislation will be implemented and Nigerian independents will play a similar role to that played by independents in the US, where as oil provinces mature the fields get smaller for the majors and can only be economically produced by companies with smaller overheads."

Afolabi said the association had submitted a proposal to the government calling for legislation to provide special tax perks and other incentives to indigenous firms. The association was certain that Nigeria's new civilian government would oblige.

He said relations between the indigenous firms and the oil majors had also improved considerably from the early 1990s, when they were tense. "They found out we are here to stay and it is now easier for all of us to work together."

Afolabi did not envisage Nigeria's new democratic government selling off its equity stake in its joint ventures with foreign oil majors as advocated to the previous regime.

"There is no point selling what should be done is to empower (state oil firm) NNPC to act like a commercial firm, raising money to fund its oil activities."

The argument for privatizing Nigeria's oil equity has been mainly because of the country's inability to continue to pay for its share of the joint ventures it operates

London conference its members expected to be the main beneficiaries when oilfields considered uneconomic by the oil majors were turned over to them to develop.

There are 183 of these marginal fields more than half belonging to Royal Dutch Shell's Nigerian unit. A 1992 study estimated that collectively they contained 3 billion barrels of oil, of which about a third are recoverable.

but after a dispute the two parted ways amicably last year leaving Amni now 100 percent Nigerian.

Since 1990 nearly 40 indigenous firms have sprung up. Although nearly half of them have remained inactive many have explored for crude and are producing small amounts.

Tunde Folawiyo, the chairman of the trade group of indigenous firms, told the

Obasanjo's failure to act on economy is worrying

(226)
LAGOS

President Olusegun Obasanjo's failure to set out any clear economic strategy after nearly three weeks in office has created anxiety over how he intends to address Nigeria's gloomy outlook.

Few expect Nigeria under Obasanjo to move swiftly towards International Monetary Fund (IMF) approved reforms which could lead to short-term financing and debt relief.

Some wonder if Obasanjo intends to pursue reform at all given his populist credentials as a down-to-earth farmer and his last spell in office as an army ruler.

"I don't think Gen Obasanjo realises the gravity of the economic situation," said Bashir Yusuf Ibrahim, publisher of the Blueprint economic bulletin, based in the Nigerian capital of Abuja.

"He's talking a lot about corruption but he has ignored the economy and this I think is really very unfortunate."

Prices for the crude oil exports on which Nigeria relies look healthier than they have for more than a year. Obasanjo has won huge public approval for his war on corruption, for cancelling contracts from the past regime, sacking about 150 army officers who held political jobs and for setting up a team to probe human rights abuses.

Key to Nigeria's relations with international financial institutions will be an IMF visit expected in July to look at the possibility of a monitored programme of a death of one agreed by the last regime.

Presidency officials said by then, a revised budget should be in place which would cut back capital expenditure and please the IMF.

Earlier hopes of help sank rapidly after the failure of the last regime to meet agreed targets and suspicions that Obasanjo will refuse requests like that from creditor Britain for independent financial monitors.

"I detect an attitude from Obasanjo which seems to be that Nigeria already deserves debt relief," said one Western diplomat in Abuja. "Nigeria is not really paying its bilateral debts. It would be unfortunate if the new government believes it can forgive its own debts and expect others to follow." —Reuter

Reforming the Niger Delta will be Obasanjo's big test

CYNICISM is a natural reflex in Nigeria, and the sceptics are often proved right. But the first actions of President Olusegun Obasanjo are drawing praise from ordinary Nigerians.

Since he was sworn in on May 29, the retired general has cleared out the top ranks of the armed forces, ordered a review of all the contracts his predecessors signed this year, and set up an inquiry into human-rights abuses. "I hope he can carry it through," says Beko Ransome-Kuti, leader of the Campaign for Democracy and one of the keepers of the nation's conscience during the years of military misrule. "His steps so far show that he is on the right track, but he has to do a lot more in carrying out restructuring of the policy and its institutions."

The new president's most startling move has been to sack over 150 senior officers, removing any soldier who held political office between 1985 and 1999. Among those who have lost their jobs are Patrick Aziza, who chaired the tribunal that sent Obasanjo to prison in 1995, two former commanders of the West African peacekeeping force, and Mohammed Buba Marwa, a popular and ambitious ex-governor of Lagos state.

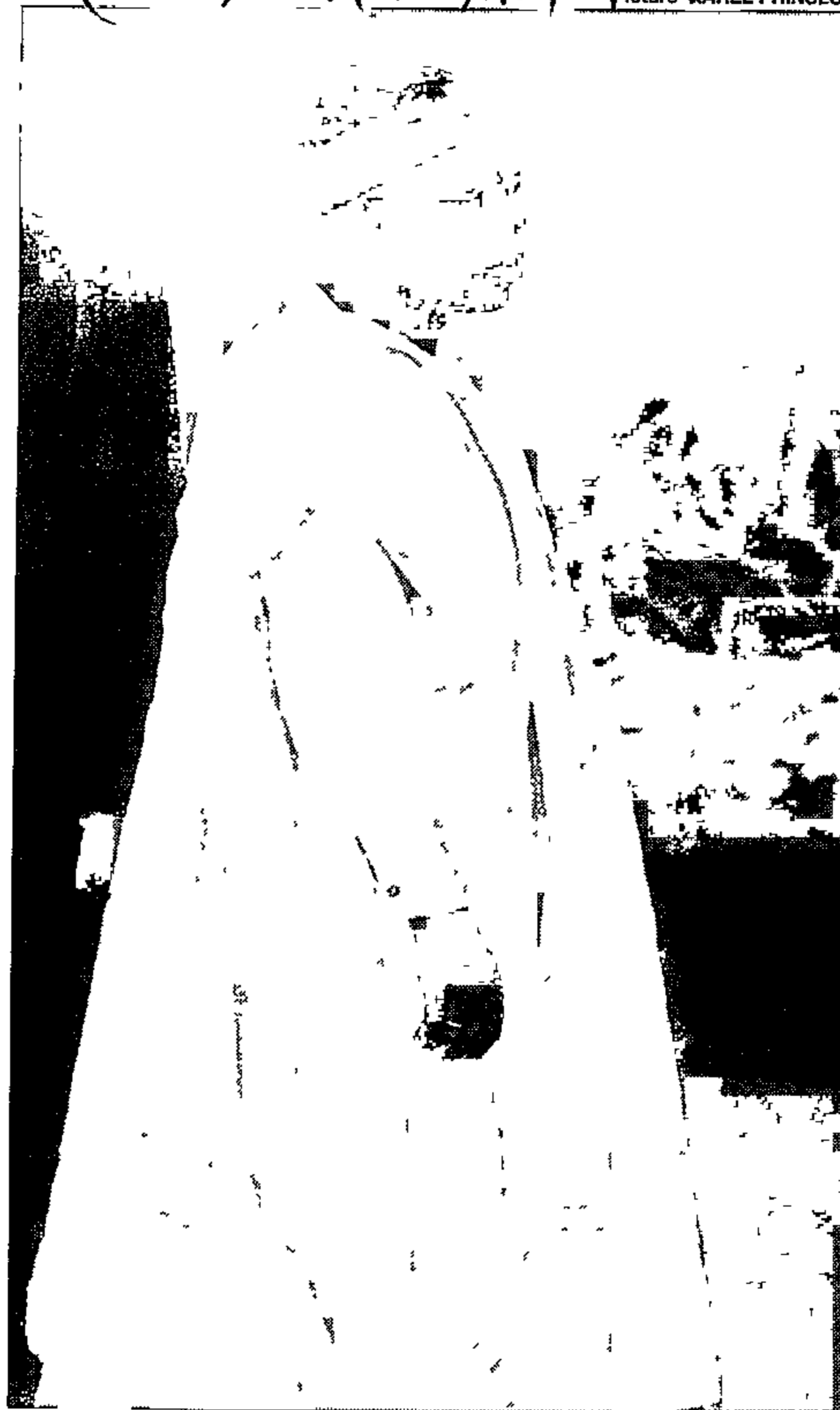
On his first day in office, Obasanjo suspended all contracts, licences and appointments issued since January 1. A commission under a respected businessman, Christopher Kolade, has three months to decide if the licences and contracts were correctly priced — and appropriate for Nigeria in its cash-strapped condition. Those that were not will be cancelled or renegotiated.

A new set of civil service rules came into practice last week. The aim is to reduce corruption, an anti-corruption Bill is due in parliament this week. Almost 100 people at the top of the customs service have been sacked already, and the president has hinted that more will follow. He has also replaced the head of the lamentably run state electricity company, Nepa, and brought new top civil servants into the federal secretariat.

A committee headed by a former judge has been set up to

Nigeria's new civilian ruler is gathering support for his government, but he still has a lot to do

(226) ST(MT) 20/6/99



CONTINENTAL TIES ... President Olusegun Obasanjo at Thabo Mbeki's inauguration in Pretoria on Wednesday

examine the cruelties that have taken place since 1983, the date when the last civilian government was ousted.

But Obasanjo is having to pay a price for the support he got during the election. Many of the names that have been put forward as potential members of his government are closely

associated with military rule. They include Theophilus Danjuma, who was once chief of army staff and is now expected to be defence minister, Bola Ige (a former state governor), Adamu Ciroma (an ex-governor of the Central Bank) and Jerry Gana (a former information minister). "There are too many 'formers'

on this list," complained one senator last week. The name of the new finance minister will be all-important. Past comments by Obasanjo suggest he believes in a generous degree of state control, but he has yet to make himself clear on this.

His immediate problem is the Niger Delta, the source of almost all of Nigeria's oil wealth and the battleground for numerous local wars, with rival groups fighting for resources and the largesse of the oil companies operating there. The Ijaw and Itsekiri people have been at virtual war for the past two years.

On May 30, the day after Obasanjo was sworn in as president, militant Ijaw youths in the delta attacked Itsekiri villages just across the water from a large Chevron oil plant. In the violence that followed this attack, up to 200 people died, some of them in the fighting that last week engulfed Warri, a large oil town. Obasanjo admitted prolonged government neglect had had a role in the violence and said there would be a "global master-plan" to revive the economy of the region.

But the government demonstrated how far it was from having such a plan to hand when last week it placed an advertisement in the international press inviting proposals.

Anyone "with verifiable experience in producing comprehensive regional master-plans in terrain similar to the Niger Delta" was asked to suggest ways of transforming the oil-producing region by introducing, among other good things, water supplies, education, credit systems, oil and gas industries, fishing and agriculture.

The advertisement asked that the proposals be sent with bank details to an address in Abuja, the capital. Not only did this suggest an unwarranted faith in the Nigerian postal service, it seemed to betray ignorance of the flood of advance-fee frauds that have emanated from Nigeria. After these, businessmen may be a bit wary of disclosing their bank details. Who, anyway, has such comprehensive expertise? And where in the world is there anywhere like the Niger Delta? — © *The Economist Newspaper Ltd, London 1999*

Foreign banks head for Nigeria

Kingsley Kubeyinje

(226)

LAGOS — As the Central Bank of Nigeria moves to license more branches of foreign banks, local banks have been gripped by fears of stiff competition

Sources at the central bank said the top bank had recently granted licenses to a number of foreign banks, including Barclays Bank of England

They said eight other applications had been received from banks in Europe, Canada and the US

SA-owned Stanbic Merchant of Nigeria, one of the few existing foreign-based banks, recently repositioned itself to play an active role in the planned privatisation of some 45 key public enterprises. The total assets of the enterprises are put at over \$50bn. Stanbic planned to emphasise niche banking

A number of bankers expressed fears of foreign banks, with their stronger capital base, better management and state-of-the-art technology

A banker, Dennis Ochoma, said many of the 100 local banks which were still battling to raise their capital base to 500-million naira as demanded by the central bank, would find it hard to compete with foreign banks. Some of the foreign banks, he said, were ready to start operations with as much as \$50m

Another banker, Mohammadu Sani, said "Local banks need a breather. We haven't recovered from sourcing funds for recapitalisation and now we are being faced with competition from foreign, well established banks. It is not funny," Sani said

Some investment experts, however, regard the entry of foreign banks as a "healthy development", to help jump start the embattled economy

Lawrence Osa-Afiana, Citizens International Bank's MD, said the appearance of foreign banks would not spell disaster for focused local banks. He said that while the foreign banks had the advantage of capital, modern technology and management, they did not know the local terrain

Chris Adimorah, MD of First Bank of Nigeria, one of the three largest commercial banks, has urged banks "to brace up for the stiff competition"

"As we savour democracy in Nigeria, it is only reasonable for us to expect democratisation will come with its own challenges," he said

BA 21/6/99

Nigeria extends probe on abandoned projects

BD 22/6/99 (226)

ABUJA — Nigerian President Olusegun Obasanjo yesterday extended a probe into uncompleted government projects back to 1976 when he ran the country as a military ruler.

Obasanjo announced the creation of the panel last week, and said it would look into contracts awarded and not finished. He said the probe would go back to 1983, the end of the last period of civilian rule.

However, Obasanjo said yesterday the 12-member panel would now be empowered to probe the regimes going back to 1976, including his own 1976-1979 military regime and the four-year civilian regime of Shehu Shagari.

In recent years hundreds of official infrastructure projects have been started in Nigeria, with contracts signed and funds paid out, although the work was not completed.

Chaired by Alhaji Iguda Inua, the panel has been tasked with assessing how much work was done on all projects, and whether this was commensurate with the money paid out.

The body has been ordered to look

into why many projects were not completed and make recommendations on which, if any, should be completed and which abandoned.

It has also been tasked with recommending how such failures should be averted in future.

The panel has been given nine months, three months fewer than previously announced, to complete its investigations.

The president said the panel would "give us, first and foremost, an inventory of uncompleted projects, supplies and services, no matter when commenced." He said the probe would not turn into a witch-hunt.

"To allay fears about the objective of the exercise, we have extended the period to cover to January 1976.

"If it probes past governments or government leaders, then I am also being probed and my previous government is being probed."

The probe is just one of a number of steps announced by Obasanjo to clean up Nigeria since he was sworn in as president in May — Sapa-AFP

Nigeria's new ruler orders graft inquiry back to 1976

FROM AFP

CT(BE) 22/6/99 (226)

Abuja - Nigerian President Olusegun Obasanjo yesterday extended a probe into unfinished government projects back to 1976 when he was the military ruler

Obasanjo had last week announced the creation of the panel and said it would look into contracts awarded and not finished going back to 1983, the end of civilian rule

Yesterday he said the 12 member panel would probe back to 1976, including his own 1976-79 regime

In recent years, hundreds of official infrastructure projects have been begun in Nigeria, with contracts signed and funds paid out, but the work has never been completed

The panel, under chairman Alhaji Iguda Inua, has been tasked with assessing, on all projects, how much

work was done and whether it was commensurate with the money paid out

It has been given nine months to look into why projects were not completed and make recommendations on which should be finished. It will also recommend how such failures can be prevented in future

The president said the panel was "to give us an inventory of uncompleted projects, supplies and services no matter when commenced"

The probe will not turn into a witch-hunt, he said

"To allay fears as to the objective of the exercise, we have extended the period to cover to January 1976

"If then it is to probe past governments or government leaders, then I am being probed and my previous government is being probed"

Texaco Nigeria protest enters fourth day

FROM DOW JONES

London - Six oil production platforms operated by Texaco Overseas Petroleum of Nigeria (Topcon), which usually produce 56 000 barrels a day (bpd), were shut down for a fourth day yesterday because protesters are occupying one platform, a company source said

Negotiations between Topcon and some 25 protesters have failed, and the stalemate is now in the hands of the Bayelsa state govern-

ment, the source said. The Nigerian navy is standing by, he said

"The protesters are trying to increase their presence and the navy are dealing with it. We hope to have the situation resolved before the end of the week"

The protesters occupied the platform last Friday and refused to leave. Topcon decided to shut all six facilities "for security reasons"

Capacity production is 60 000 bpd of crude oil, the platforms were producing 56 000 bpd when

the protests got under way

A Topcon official in Houston, Texas, said protesters used boats to board and occupy the Suniwa and North Apoi platforms. The Pennington, Sengana, Middleton and Okubie platforms were also shut

The protesters are demanding compensation for an oil spill they say took place on June 3, the Topcon source said. "There wasn't any spill (The protesters) saw a sheen on the water. It could've come from any passing vessel," he said

CT(BR) 22/6/99

REST OF AFRICA

John Djudju

PRIVATISATION has gained momentum in Africa in the recent past as most governments recognise the need for efficiency, says the African Development Bank.

In a recently published study, African Development Report, the Abidjan-based bank hints at the acceleration of the trend in the year ahead as two of the continent's main economies — SA and Nigeria — press on to privatise state-owned corporations.

In southern Africa volumes and values of privatisation are likely to be enhanced by SA's planned sales. The bank, in which SA is a 1% shareholder, estimates that in the medium-term state assets worth about \$5bn could be privatised, while in the longer term about \$30bn could be sold off

African privatisation grows

Bank expects SA and Nigeria to speed up sales of state-owned corporations

NO 24/6/99 (226)

After the sale of a 30% stake in telecoms parastatal Telkom, critics said Pretoria had slowed down the pace of privatisation. This is expected to pick up under the new administration.

In Zambia, until now seen as the success story of privatisation in Africa, the government has sold off 215 of its 312 companies earmarked for privatisation. However, its privatisation has been slowed

down by the slow sale of Zambian Consolidated Copper Mines, notes the report. In Zimbabwe, privatisation is expected to include offers of shares to a large foreign private investor in the Posts & Telecommunications Corporation as well as in Air Zimbabwe, says the report.

The report also mentions bad experiences in privatisation. It suggests that many of the 1 000 Angolan parastatals

were sold off at prices "well below market value, in some cases as little as 5% of their value". A further 500 firms, including banks, the airline and perhaps the national oil company, have yet to be sold off.

Analysts say the main privatisation effort after SA will be the disposal of stakes in Nigerian state corporations. Those earmarked for privatisation include Nitel, the telecoms firm, Nepa, the energy utility, and

Nafcon, the country's fertiliser, steel, cement and sugar producer which may net the country several billions of dollars.

In north Africa the process is likely to pick up speed when the Egyptian government finally sells the 30% stake in telecoms to private operators. In Morocco government has launched privatisation bonds that give holders preferential options on equity of public firms to be sold.

The study says "Acceptance of the concept of privatisation has been viewed as an essential part of globalisation process by policy makers in the developing world. Privatisation is intended to increase economic efficiency and allow for foreign participation in the local economy. It also provides immediate liquidity for some cash-hungry governments."

Modipane may be in for the high jump

Kevin O'Grady

MPUMALANGA finance MEC Jacques Modipane faces renewed disciplinary action from the African National Congress (ANC) after revelations that he lied about his involvement in the province's promissory note scandal.

ANC spokesman Smuts Ngonyama said yesterday there was "no doubt that if he lied to the ANC executive drastic action will be taken against him".

ANC secretary-general Kgalema Motlanthe was also investigating Mpumalanga premier Ndaweni Mahlangu's statement that lying was not sufficient grounds to prevent a politician from holding public office.

Mahlangu was defending his re-appointment of Modipane, who was forced to resign last year over the scandal in which promissory notes worth R340m were issued to a foreign firm, with R1,3bn of parks board assets as collateral. Modipane claimed at the time, and again yesterday, that his signature on the notes was forged. A tri-

bunal of the Heath special investigating unit invalidated the notes yesterday.

At the same time as his resignation, Modipane was suspended from the ANC pending an investigation into whether he lied to the party and the public about his role in the affair. He was reinstated in January when the ANC decided there was insufficient evidence for his continued suspension.

Mahlangu tried to backtrack yesterday, insisting he was using Modipane as an example by saying that "if" he had lied about his role in the scandal, this should not exclude him from senior government posts. However, in an interview after the news briefing at which he made the comments initially, Mahlangu repeated them, saying that Modipane lied before the elections and the ANC's victory in Mpumalanga justified his inclusion in the provincial cabinet.

Ngonyama said Mahlangu had "apologised profusely" for his remarks which the ANC saw as "inappropriate and unacceptable. It should be the hallmark of any leader to be honest and truthful".

Anger at Mahlangu's comments mounted yesterday, and elicited calls for President Thabo Mbeki to repudiate them. Democratic Party leader Tony Leon said Mahlangu's apology was "not good enough", and called for Modipane's dismissal.

Religious groups also rounded on Mahlangu. The National Religious Leaders' Forum said it was "a sad state of affairs when high-ranking officials believe that lying is permissible".

It reminded government that it was a signatory to a code of conduct formulated at a "morals summit" held by the forum last year, and "as such, the premier should be severely reprimanded".

Sapa reports that parliamentary speaker Frene Ginwala said neither the ANC nor Parliament believed it was acceptable for politicians to lie. "The ANC made promises to the public. We certainly cannot accept that we were telling lies to the public, and that it would be okay to do that."

Comment: Page 17

BD 24/6/99 (226) (S)

Average wage settlements on the decline

Reneé Grawitzky

WAGE increases for the first half of the year rose 1% above inflation to 8,1%, but were 1,1% lower than the settlements achieved for the corresponding period last year, an Andrew Levy & Associates survey said yesterday.

Average wage settlements declined as employers continued to react to the economic slowdown, declining profit margins and international competition.

Business responded to profits in the previous financial year while unions tended to focus on current issues such as inflation levels, research consultant Jackie Kelly said. The survey found that settlements ranged from 5% in the pa-

per/printing sector to 14,4% in mining. The average minimum wage was R1 953 a month compared with R1 884 for the period ending June last year.

Kelly said tough bargaining was expected as most negotiations got under way during the third quarter.

Major negotiations are still under way on gold, coal and platinum mines while an agreement is expected in the metal industry next week. The metal industry agreement, covering 250 000 workers, will range from 7,5% for artisans to 8,75% for lower-paid workers.

An agreement of 8% has been reached in the industrial chemical sector, while negotiations are continuing in the five subsectors of the chemical

sector, such as petroleum.

An agreement of 7,9% was reached in the clothing industry, while a dispute continues in the footwear and leather sectors. The public service wage dispute continues with threats of industrial action if government fails to indicate whether additional funds will be made available by July 1.

A number of unions plans to march on Parliament tomorrow. The march has received support from the Democratic Party as police have not received wage increases this year. The DP said if government and Safety and Security Minister Steve Tshwete were committed to curbing crime, they had to ensure money was available.

BD 24/6/99 (55) (S)

Life is still on short fuse in 'democratic' Nigeria's Warri

Corruption and conflict have left a seething legacy for Obasanjo and the oil companies, writes William Wallis of the Financial Times

(2ab)

BD 25/6/99

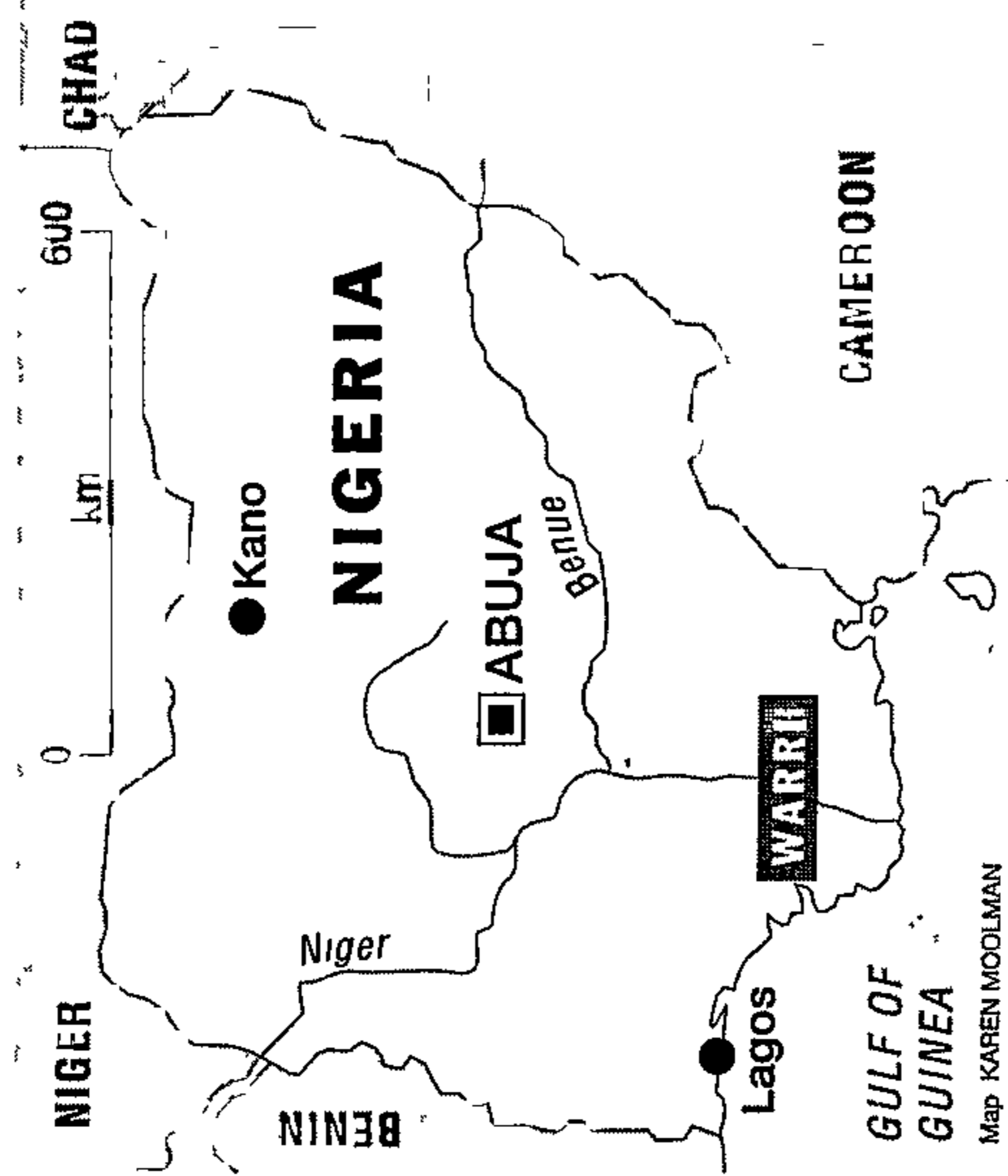
THREE weeks after the end of military rule in Nigeria there is little sign of a democracy dividend in the southern oil city of Warri. Soldiers man roadblocks every 100 yards, fleeing passers-by who throw their hands up in the air in a gesture of surrender. At 6pm a city normally choking with fumes and clogged with droves of mopeds is silent and sad as curfew-time begins. Then comes occasional gunfire.

When troops were firing a 21-gun salute to mark the inauguration of Olusegun Obasanjo, Nigeria's first elected civilian president in more than 15 years, Warri's divided ethnic groups were firing in earnest. Up to 200 people were killed and whole neighbourhoods flattened when the fighting spread from outlying swamps into Warri's centre.

The crisis has cast a shadow over Nigeria's fresh start, undermining the weakness of the state that a corrupt military elite has handed over as much as it has demonstrated the precarious position of its main revenue base in the oil industry.

A combination of pressure on the land, confusing layers of traditional and state laws over its ownership and competition for scant resources from federal coffers has heightened divisions among different ethnic groups across Nigeria.

Along the coast from Warri 30 people are said by local newspapers to have died in a boundary dispute sparked over ownership of a single palm tree. Further north, where minority tribes meet the Islamic emirates of the dominant Hausa-Fulani



Map KAREN MOOLMAN

group, hundreds of lives have been lost to localised conflicts in the past year.

As inhabitants of Warri are acutely aware, though, the stakes in their own down for brief periods by communal fight-

ing and protests by locals demanding a fairer share of oil revenues.

The strain on the industry is telling. At Warri's airport a nervous medley of Texan, Nigerian and European oil workers wait to be flown out to installations in the surrounding swamps to maintain skeletal operations. Rivers and creeks for the moment are too dangerous for boats to travel.

"If we were not producing oil President Obasanjo would not be here," said a spokesman for the Itsekiri ethnic group when Obasanjo visited the scenes of recent clashes. "It is because we are producing all the money to sustain this mess that they have any time for us."

The Itsekiris are a small group that controls the traditional chieftancy and local government areas in Warri. They are fiercely protective of both, claiming ancestral land rights dating back to 1485. They say they are threatened with extermination by larger groups they consider tenants. Their main rivals, the Ijaws, a predominantly fishing community and Nigeria's fourth-largest ethnic group, say they have inhabited the area just as long and should have equal rights.

It was the late Sam Abacha's military regime which relocated a local government area from an Ijaw to an Itsekiri neighbourhood, sparking in 1996 the first round of fighting between the two.

The latest clashes erupted when elected officials took up their posts in the disputed council areas, sucking in a third group, the Urhobos.

The deployment of troops has bought

the government some time to negotiate. If talks fail, however, it is arguable whether the army, stripped of morale and discipline under corrupt generals, could contain an escalation in the fighting. Nor is it clear they could re-establish full control of the creeks where young men with little to lose operate as pirates when they are not fighting opposing groups.

As part of a wider programme aimed at redressing the long-term neglect of the oil-producing communities, Obasanjo has promised to increase the allocation of revenue accruing from oil to the producing areas by 10%. In the long run this could help to reduce the Delta's chronic underdevelopment. However, patience and confidence in central government and its institutions are on a short fuse.

Vaughn Kemedi, an activist with the militant Ijaw National Council, says "For the moment they have announced the formation of another committee. We have had a committee after committee already. We want resource control and autonomy. Obasanjo has four years but we are not going to sit down and wait for him."

Meanwhile competition among the different ethnic groups for positions in the federal government is exacerbating tensions. "It has taken a long time for things to build up to be this bad and it will take a long time for them to be reversed," says Albert Aramabi, external relations manager at Royal Dutch Shell's Warri office.

As if to underline the point a stray bullet tears down through the roof of his office and lodges by the inkwell on his desk.

Nigeria to revamp its electricity

(226)

GODDY IKEH

CT (BR) 29/6/99

Lagos - Nigeria's ailing electricity corporation, the National Electric Power Authority (Nepa), has launched an advertising drive for local and foreign firms to bid for the rehabilitation of its power supply systems

In a number of full-page newspaper advertisements, Nepa said last week it was inviting offers from qualified and reputable manufacturers and maintenance companies of power generation utilities for the repair, overhaul and rehabilitation of its steam-generating plants

Nepa enjoys a monopoly in power generation and distribution in the oil-rich west African country of more than 108 million people.

A Nepa official said the corporation was working on strategies to reinvigorate power supply

Corporate organisations, industries and individuals in Nigeria are compelled to install their own power-generating sets and only depend on supply from Nepa as a back-up, because its power supply is usually erratic

The official said Nepa would repair, overhaul and rehabilitate eight existing power systems

He said the rehabilitation work at the thermal stations would improve power transmission and distribution networks

Nepa, which generates electricity through a mix of thermal and hydro systems located in different parts of the country, had been widely criticised for its inefficiency

This criticism resulted in the retirement of its former managing director and some of its executive directors soon after the new civilian government was sworn into power in May

Nepa has a total of eight major power stations with an installed capacity of about 6 000MW of electricity

However, inadequate funding by the government and poor maintenance of old and outdated facilities and equipment have been blamed for regular power outages across Nigeria - Independent Foreign Service

Nigeria's oil sector to strike

(226)

LAGOS — Nigeria's main oil sector union announced a strike yesterday to protest the sacking of some employees by US oil company Texaco

Ben Egualeona, vice-president of the Petroleum and Natural Gas's senior staff association, said the strike to compel Texaco to recall about 50 workers laid off in March would start today

He said efforts at dialogue to get the company to recall the sacked workers had not helped. "The MD of the company stuck to his guns"

Trade disputes occur regularly in Nigeria. Two weeks ago, employees of the Anglo-Dutch oil company Shell went on strike for better wages. The strike was called off last week after management agreed to meet the demand — Sapa-AFP

AD 29/6/99

Nigeria to privatise refineries

(226) PD 30/6/99

Obasanjo's month-old govt will keep only minority interest in four plants, it says

LAGOS — Nigeria plans to privatise its four oil refineries — with processing capacity of 445 000 barrels a day — and will eventually hold only a minority interest, says a senior official of the month-old government.

"The president has reaffirmed his intention to pursue vigorously the refurbishment and rehabilitation and debottlenecking as necessary (at) the four refineries," Philip Asiodu told a forum in Switzerland at the weekend. The government will pursue arrangements also for the privatisation of the refineries in the coming year, with the government retaining ultimately only a minority interest, said Asiodu, who was representing the government.

It was the strongest official indication yet that President Olusegun Obasanjo will approve the eventual privatisation of the refineries, which was on the agenda under the military government that stepped down on May 29.

Asiodu is a former top public servant and one-time secretary for petroleum resources. He is tipped as economic adviser to Obasanjo in a cabinet likely to be announced today.

Nigeria has imported fuel — mostly petrol — because of the failure of its ill-managed, poorly funded refineries to meet domestic demand.

International financial agencies and local business have long said the refineries should be privatised but there is considerable local opposition and many of Obasanjo's aides are known to be cautious about selling off state-owned firms.

This week Obasanjo called for increased foreign investment in the country's petroleum, oil and gas sectors. "Nigeria needs all the foreign investment it can get to stimulate its economy for growth," he told a visiting delegation from US oil company Exxon. Spokesman Doyin Okupe said Obasanjo gave an assurance of his government's co-operation with all investors, "especially in the petroleum, oil and gas sectors, the mainstay of Nigeria's economy".

He promised "an open, level competitive field for all participants, local and foreign", in Nigeria's economy.

Exxon senior vice-president Harry Longwell said the company was happy with the

policies of Obasanjo's one-month old government and said Exxon was reviewing its current business initiatives in Nigeria.

Nigeria is the world's seventh-largest producer of oil, which accounts for 90% of the country's foreign exchange earnings.

Meanwhile, the country had approved higher denomination notes to end years of business transactions with huge bundles of filthy, tattered bills, said the central bank.

Notes would be issued in denominations of 100 naira (\$1), 200 naira and 500 naira over the next year, it said. The highest denomination currently available is 50 naira.

The new notes would limit forgery, which had "become more difficult to defeat when notes are in poor condition", it said.

Officials under previous military governments said part of the rationale for not introducing higher-value notes was the psychological impact on traders, who might put up prices and drive inflation higher.

The naira has already lost more than 10% of its value after large and unbudgeted spending increases under the military government — Reuters, Sapa-AFP

Texaco loses its output in Nigeria

FROM REUTERS

(226)

Lagos - Texaco said on Wednesday it had appealed to President Olusegun Obasanjo's government over its lost Nigerian output of about 60 000 barrels per day (bpd) of crude, which was held up by protesters

"We are not producing as of now as the youths are still occupying the (oil) platforms. We have sent a letter to the presidency to help us out on the issue," a company spokesman said.

CT(BR)
Texaco declared force majeure, meaning it could not meet export commitments, on Monday after shutting its platforms last week when youths boarded the Funiwa and North Apoi platforms to demand compensation money for a small oil spill in June 1998

"We have shut in approximately 60 000 bpd. A lot of money has already been lost to the country and the company. So we believe the government must do something," the spokesman said.

Texaco has a 20 percent stake in the joint venture it operates for Nigerian National Petroleum, which has a 60 percent stake, and Chevron, with the remaining 20 percent.

Obasanjo's brilliant kick-off

(226)



Cameron Duodu

LETTER FROM THE NORTH

Nigeria's new President General Olusegun Obasanjo, has delighted his supporters by darting straight into the heart of Nigeria's core problem: corruption.

He has ordered that all contracts awarded and appointments made since January, by the military administration from which he has just taken over, should be reviewed.

By doing this Obasanjo has put teeth into the promise he made in his swearing in speech that there would be no "sacred cows" in Nigeria during his tenure. Corruption, he pointed out, had reached such staggering proportions that even public institutions sometimes had to bribe other public institutions to obtain the services they required.

Obasanjo's credibility has shot up as a result of the review. For it had seemed that the military administration of General Abdulsalami Abubakar was in a disgraceful hurry to parcel out favours before it left office. Oil lifting and prospecting contracts — the most lucrative business in Nigeria — were announced without the public being told why they were awarded.

This lack of transparency generated gossip. Top military officers, it was alleged, were behind most of the companies that had obtained the contracts. Since those who had financed Obasanjo's electioneering campaign included some top retired military officers, the inference was that Obasanjo was in cahoots with the Abubakar administration to "reward" these backers.

This was supposed to prove the theory that Obasanjo's ascendancy to power was by an "army arrangement" whereby the serving army left office only to be replaced by the "retired army".

Now Obasanjo is demonstrating that he is

his own man. Unless, of course, he is attempting to press into service a time-honoured British method of defusing embarrassing situations: "Set up a commission of inquiry" could have been the password of British colonial administration. For as soon as such an inquiry began, everyone became happy.

The nattering classes would immediately launch its own inquiry: was the chair the right person? What about the commission's members? Was any of them a member of a secret society?

All these questions would have to be looked into by the administration. And that takes time, right? Next, the commission would make a well-publicised inaugural sitting. Memoranda would be solicited from the public. The commission would then adjourn for several weeks. Next, there would (probably) be further public sittings. Or evidence could be given in secret. Finally, a report would be issued.

But with the report would come a government "White Paper" setting out why the government thought the report was wrong on several issues, but would yet accept a selected number of the report's "recommendations". And every one would sleep better, because "something" had been "done" about an issue that had created public "disquiet".

Will Obasanjo publish the results of his inquiry or treat it as a confidential government document? The answers to these questions are not yet known. But certainly, he has signalled to the Nigerian public that he is not under the thumb of the military — he is his own man. This should be in character, for "Uncle Sege", as he is known in Nigeria, is reputed to be a very obstinate man whose bluntness can cut through the skin of friend and foe alike.

Well, he has one more problem to solve. The appointment of General Victor Malu as chief of staff of the army has not received universal approval. Malu distinguished himself as commander of the West African military intervention force, Ecomog, that brought peace to Liberia.

But he was recalled from Ecomog by the late General Sani Abacha and appointed, in 1997, to head a military tribunal Abacha set up to try his former number-two man, General Oladipo Diya, for taking part in a conspiracy to overthrow Abacha. Diya claimed he had been "set up" by the then chief of staff of the army, General Ishaya Bamaïyi (just retired), and that Bamaïyi



His own man: Olusegun Obasanjo is reputed to be an obstinate man whose bluntness can cut through the skin of friend and foe alike. PHOTO: DANNY WILCOX FRAZIER/AP

ought to have been brought to the tribunal too.

Malu dismissed this. He had been advised, he said, not to concern himself with those who had not been brought before him.

The result of the trial was no surprise. Diya and many of those tried with him were found guilty and sentenced to death. But Abacha, fearing a furore every bit as rancorous as that which followed the hanging of writer Ken Saro-Wiwa in November 1995, did not shoot them.

The question many Nigerians are asking is this: did Malu administer true justice to Diya and company or did he conduct their trial in a manner he thought would please Abacha? If Malu obeyed Abacha's wishes — for fear that he might himself become a victim of the dictator's wrath — is he fit to head the Nigerian army at a time a new attempt is being made to bring the rule of law into Nigeria, and restore

competence and integrity to its armed forces?

This will be a particularly poignant question for Obasanjo to answer, for he was personally the victim of a similar kangaroo trial. Abacha stitched Obasanjo up in a "conspiracy" in which the officer with whom Obasanjo was supposed to have plotted was not even known to Obasanjo. This officer had no knowledge of the chicken farm Obasanjo ran at Otta (where the plotting is supposed to have taken place). And at the time of the alleged conspiracy, Obasanjo was out of Nigeria.

Nevertheless, Obasanjo was found guilty and nearly shot. He served two years out of a 10-year prison sentence and was only released on Abacha's death a year ago.

Would he appoint those who "tried" him to powerful positions of trust in the army? If not, why appoint those who tried Diya?

MHG 4-10/6/99

Nigeria: Throwing good money after bad

Chris McGreal

Muriel Olaiya lives more comfortably than most Nigerians. For a start, her husband has a job. It pays for the extras that make the difference between living and simply surviving in Lagos.

The Olaiyas have a generator for use during the frequent power cuts, and a water tank because not a drop has come through the mains in years. And when Olaiya fell pregnant last year, she opted for a private clinic for the birth over Lagos's slaughter slabs — the ill-equipped state hospitals. The baby was premature but an incubator was at hand. Then the electricity failed. The child was rushed to Lagos's main hospital, but traffic jams caused by long queues for fuel were horrendous.

Olaiya's son died within hours of his birth for want of electricity in the biggest city in the world's seventh largest oil-producing country. "I can't understand it. I'm sure he would have lived if this were South Africa or England or America," said Olaiya. "This country has so much money and the population has nothing. Look at how we live. I don't think anyone could say we are progressing."

Nigeria may be one of the world's major oil producers but it is also listed as 13th from bottom on the United Nations's development index. For this paradox, maladministration and corruption are mainly to blame. Both have contributed to a collapse in infrastructure, mass unemployment and the piling up of billions in foreign debt.

At the end of May, Nigeria's new civilian government inherited the burgeoning economic crisis in Africa's most populous country, of more than 100-million people. At his inauguration President Olusegun Obasanjo made a plea for help righting the problems left by 15 years of military rule. "We call on the world particularly the Western world to help by sharing with us the burden of debt which may be crushing and destructive to the restoration of democracy in our land," he said.

His reasons are clear enough. Take the hospitals. The Nigerian government spends the equivalent of about R7,50 a person on health care each year. The country's infant mortality rate is 84 of every 1,000 births — one-fifth higher than the average across the developing world. Maternal mortality in childbirth is nearly three times the developing world average.

Education, water and roads are similarly neglected, as are almost all services dependent on government funds. But Nigeria presents those who want to help it with a dilemma.

It is not Mozambique or Burundi, living hand to mouth on minuscule industries and foreign aid. Nigeria earns about R80-billion a year from oil. So why should Nigeria receive debt relief when it not only has a generous

MTG 18-24 | 6 | 99 (206)



Paying the price. As a major oil producer, Nigeria should be a wealthy country. But corruption has ruined industries and contributed to widespread unemployment

think we are so bad as to warrant that," he said. But Duke says Nigeria could live with the measure. "If you don't have anything to hide, what's the problem with IMF monitoring?" he asked. "You don't want the IMF telling you who should be governor of the central bank. But if you're building a bridge for \$500-million, the IMF is entitled to know where the \$500-million is going."

Obasanjo has promised "decisive action" to deal with Nigeria's financial collapse. He has pledged to introduce a wide-ranging anti-corruption Bill this month, saying there will be no "sacred cows".

But international bankers acknowledge they are going to have to live with an "acceptable level of corruption" for some time. "It's racist to say that we should put up with corruption in Africa. But try to eradicate it and you can create social upheaval," said a European banker in Lagos.

The army remains one of the toughest nuts to crack. Obasanjo has set up a panel to review the slew of contracts awarded by the military in the months before it left office. But he shows no great enthusiasm to delve too deeply.

He has declined to target the officers who plundered billions while in power, among whom the most notable is General Ibrahim Babangida, a former military ruler who has yet to explain what happened to a windfall of billions of dollars that came Nigeria's way when oil prices surged during the Gulf War.

Duke argues that Western banks and governments were partners in crime with the army and so should accept responsibility. "They would like to hold us responsible for what the military did. Western banks knew what the military were like when they lent the money, so why should our democratic government be more responsible than them?"

Military spending is likely to prove the hardest area to open up. Some observers doubt that even the army high command knows or understands its budget let alone where the money goes.

But Britain in particular is not interested in putting too much pressure on the army. It is keen for Nigeria to keep its troops in Sierra Leone, where a barbaric rebel army threatens to topple the British-backed government. Many Nigerians would agree with Duke's assessment that the military was driven from power more by a collapsing economy than a popular clamour for democracy.

If that is the case, the wholesale cancellation of the country's debts might prove a greater danger to democracy than a moratorium of several years to allow for economic revival and the peaceful transfer of power to the next elected administration. A debt moratorium would, in effect, be a prod to help to keep the military at bay.

What Britain means is that Nigeria's pervasive corruption must be curbed. Graft has fed in to widespread unemployment and contributed to schools, hospitals and welfare services of funds. It scares away foreign investors who view dealing with any Nigerian official — military or civilian — as little short of a mugging.

It has driven away the best and the brightest. Nigeria is among the leading exporters of doctors in the world. There are more Nigerian doctors in the United States than any other nationality among non-Americans.

It is difficult to appreciate it because of the heights corruption has been taken to," said Duke. "Most of our institutions are bastards. When corruption debilitates your economy, you have a problem. But I don't think the world is asking for a corruption free environment. They know it's not possible. We are talking about a level of transparency and decency."

To that end, Britain's Chancellor of the Exchequer Gordon Brown, says it is essential that the Nigerians "request an International Monetary Fund (IMF) monitoring mission in the central bank and finance ministry to maintain international confidence in reform efforts."

The demand has hit a nerve in strongly nationalist Nigeria. The new Vice-President, Atiku Abubakar, immediately rejected it. "I don't

income but successive military governments have chosen to loot the treasury instead of paying the country's debts."

Even the most recent military ruler, General Abdulsalam Abubakar, oversaw massive plundering of the central bank before leaving office. In recent months more than an entire year's debt payments have evaporated from the treasury. Much of the money disappeared into the pockets of military officers.

To Nigeria's leading debt negotiator, Donald Duke, the answer is clear. "What got the military out of power was not democracy but the dreadful state of the economy. If we, the democratic government, cannot deliver food for the mass of people we can forget about democracy."

If we want to keep the military out, we have to make the economy work and for that we need help on the debt. We have already paid more than \$40-billion in servicing debt. Any thing the creditors get today is a bonus. It is almost a punitive sanction.

Britain is spearheading international efforts to win debt relief for Nigeria. But there are conditions, such as adherence to a privatisation programme, market reforms and increased scrutiny by international financial institutions.

We must reward performance not promises, particularly on early institutional reform. The economic secretary at the treasury, Patricia Hewitt, said at a conference last month:

SA is interested in Nigerian minerals

Kingsley Kubeyinje (226) MS 1/7/99

LAGOS — An SA fact-finding mission has expressed its readiness to co-operate with Nigeria in the area of solid mineral exploitation and processing

Sagay Moodliar, the head of the SA delegation, said members were "very keen to do business with Nigeria" He said since SA had a more advanced solid mineral industry, it would be beneficial for the two states to go into trade and technical co-operation

He suggested another meeting between officials of the two countries to work out in "greater detail" possible areas of co-operation, describing the current visit as exploratory

Abubakar Abdullahi, the executive secretary of the Raw Materials Research Development Council, told the SA team that the doors of Nigeria were wide open for local and foreign investors

Nigeria depends on crude oil for about 90% of its foreign exchange earnings

It hopes to diversify its revenue base through the development of its solid mineral subsector, from which it reckons it can earn about \$2bn a year

The government has identified about 30 minerals, including gold, coal and bitumen, which could be exploited in commercial quantities

With a democratic government now in place, a number of foreign investors are beginning to develop confidence in the economy

Apart from the SA group, about 200 Greek companies planned to create 200 000 new jobs in Nigeria in four years through fresh investment initiatives

Meanwhile, President Olusegun Obasanjo has appointed a new head for the Petroleum Trust Fund Haroun Adamu, an economist and adviser to Obasanjo, will act as sole administrator of the body and "oversee the systematic and orderly winding down of the organisation and its activities", the presidential office said yesterday

The fund was set up by late dictator Sani Abacha to use proceeds of fuel price increases to rehabilitate the country's infrastructure

PRIVATISATION *Cabinet stacked against reform*

(226)
Nigeria's economic conundrum

CT(MR) 2/7/99

MATTHEW TOSTEVIN

Abuja - The old faces surrounding Nigeria's new President Olusegun Obasanjo are unlikely to swallow easily the unpleasant economic medicine proposed by foreign creditors and business, analysts said yesterday

Key advisers and ministers whom Obasanjo has appointed came from a 1970s generation more attached to state control than to privatisation, control of state spending and encouragement of private business, policies which are favoured by international creditors and institutions, they said

In the short term, analysts say, a rise in oil prices will partly cushion the effects of Nigeria's financial crisis and allow Obasanjo greater leeway to pursue a more independent line than might have been possible a few months ago

In the long run, however, they warn that snail's pace economic reform would leave Africa's most populous nation even more vulnerable to a future oil price crash, a growing debt overhang and the further decay of its fragile state

"Frankly speaking, these are people who have run out of ideas. I suspect it is too late in the day for them to change," said a backer of Obasanjo's campaign for February elections who is now having

second thoughts

"Reform is essential, and it needs dynamic people to push it through. That will mean these people moving against their instincts, which is never easy," he added

Many of those who are in key positions as advisers and members of the government announced on Wednesday were from a generation which was in the public eye when Obasanjo ruled Nigeria as a young general in the 1970s

Adamu Ciroma, the finance minister (65), Philip Asiodu (also 65), who is tipped for a strong place in the economic team at the presidency, and petroleum adviser Rilwanu Lukman (61) are all from the old days

A past opponent of privatisation, Bola Ige (68), is to run the power and steel ministry, which is home to the inefficient state power firm and several giant, moribund steel projects

Schools, hospitals and roads have crumbled while state utilities suck up as much as \$2 billion a year in subsidies but leave Nigeria's 108 million people short of power, communications and fuel in Africa's biggest oil producer

A generation of youths without hope is at the root of creeping ethnic anarchy

The argument is about how

Nigeria can get out of its mess and avoid disintegration

While Obasanjo last week promised privatisation of the partly liberalised telecoms sector, he is more often heard saying that Nigeria will work if only its management is more honest and competent

"If you plug the hole of corruption, you plug the hole of waste," Obasanjo said this week in response to a question on national television about economic reform and privatisation

A critical moment is likely to come next month, when an International Monetary Fund team is due to look at installing a new form of programme after the last military government failed to meet targets on spending or privatisation

"I hope he (Obasanjo) will be up and focusing on the economy, but it's not going to be easy. It's OK to plug all the loopholes, but he has to do something about the debt overhang, and there is just no money to do it," said policy analyst Junaid Muhammad

"It requires certain symbolic moves

"He has to at least pay lip service to the market economy, and this is not what he finds easy to do because he is essentially a Keynesian who believes the state can do more," said Muhammad - Reuters

New rulers are 'yesterday's men'

BO 2/1/99

Nigerian ministers and advisers will find it hard to adapt to today's demands, claim analysts

ABUJA — The old faces surrounding Nigeria's new President Olusegun Obasanjo are unlikely to swallow easily the economic medicine proposed by foreign creditors and business analysts said yesterday.

Key advisers and ministers whom Obasanjo has appointed come from a 1970s generation more attached to state control than to privatisation, control of state spending and encouragement of private business favoured by international creditors, they say.

In the short term, say analysts, a rise in oil prices will partly cushion the effects of Nigeria's financial crisis and allow Obasanjo greater leeway to pursue a more independent line than might have been possible a few months ago. In the long run, however, the analysts warn, snail's pace economic reform would leave Africa's most populous nation even more vulnerable to any future oil price crash, a growing debt overhang and the further decay of its fragile state.

A backer of Obasanjo's campaign for

February elections who is now having second thoughts said "Frankly these are people who have run out of ideas and I suspect it is too late in the day for them to change. Reform is essential and it needs dynamic people to push it through. That will mean these people moving against their instincts, which is never easy."

Many of those who are in key positions as advisers and members of the government announced on Wednesday are from a generation which was in the public eye when Obasanjo, 62, ruled Nigeria as a young general in the 1970s.

Finance Minister Adamu Ciroma, 65, Philip Asiodu, also 65, who is tipped for a strong place in the economic team at the presidency and petroleum adviser Rilwanu Lukman, 61, are all survivors from the old days. While all have spoken of the need for change it is uncertain if they share the views of the International Monetary Fund and creditors who could offer debt relief.

They favour privatisation, careful control of state spending and lifting of

restrictions on private business.

A past opponent of privatisation, Bola Ige, 68, is to run the power and steel ministry which is home to the inefficient state power firm and several giant, moribund steel firms.

Politicians could argue that life after 15 years of corrupt military rule is not worse than during Obasanjo's last spell in office, when state intervention was entrenched. Schools, hospitals and roads have crumbled while state utilities suck up as much as \$2bn a year in subsidies but leave Nigeria's 108-million people short of power, communications and fuel in Africa's biggest oil producer and in Africa's biggest oil producer.

A generation of youths without hope is at the root of creeping ethnic anarchy in which more than 250 people have died since Obasanjo took office on May 29 in localised conflicts from the oil-producing Niger Delta to the northern savannahs.

The argument is about how Nigeria can get out of its mess and avoid disintegration. While Obasanjo promised last week privatisation of the partly lib-

eralised telecoms sector, he is more often heard saying that Nigeria will work if only its management is more honest and competent.

"If you plug the hole of corruption, you plug the hole of waste," Obasanjo said on Wednesday in response to a question about economic reform and privatisation on national television. "The international community are no fools, they know that if you are doing your damndest and you then call on them you will get greater compassion from them, greater attention from them than when they know that you are wasting," he said.

The rise in oil prices to more than \$17 per barrel from barely \$10 at the start of the year will go some way towards plugging the short-term financial hole. Liquefied gas exports due to start in October will further boost income. But it would take a much larger increase in oil prices or cuts in spending for Nigeria even to think about servicing debts it has ignored for years as they have grown ever larger — Reuter

Nigeria wants to revive state oil firm before privatising it

(226) MD 5/7/99
ABUJA — Nigeria's giant state energy firm said its priority was to restore sound management after years of inefficiency, before there could be talk of privatising any of its many arms

Nigerian National Petroleum Corporation Group MD Jackson Gaus-Obaseki said on Saturday that President Olusegun Obasanjo had given the company more autonomy to allow it to operate more professionally and efficiently

"The primary objective now is to reclaim professionalism in the system and to put us back where we should be," Gaus-Obaseki said

"Before you can privatise you have to get the system working and that's where we are now. The political environment is certainly different now. It's a lot better so things will work better," he said

Gaus-Obaseki was appointed by Obasanjo only hours after he took office on May 29 to end 15 years of military rule during which the corporation became as much a vehicle for political patronage as an oil company

The corporation's failure to meet expectations strengthened calls for the privatisation of its different units, including parts of a 57% stake in joint ventures currently producing about 1.9 million barrels of crude oil a day

International financial organisations and local business want the privatisation of parts of the corporation in order to remove them from Nigeria's notoriously inefficient public sector and to raise badly needed funds

Obasanjo has spoken in favour of some degree of privatisation but has given no clear commitments to dates or strategy

The last military government agreed alternative funding schemes for developing new oil reserves that would have given a greater role to the private sector and ended years of underinvestment by the oil corporation

Gaus-Obaseki said those schemes were under review since Nigeria would now be able to meet investment obligations and address the millions in cash call arrears owed to the multinationals that operate the joint ventures

The biggest of the oil-producing joint ventures is operated by Royal Dutch/Shell. Other operators are Mobil, Chevron, Agip, Elf-Aquitaine and Texaco — Reuter

Nigeria chases \$55bn in loot

(226) CT(BR) 6/7/99

GODDY IKEH

Abuja - The Nigerian government has begun gathering information on more than \$55 billion looted from its coffers and stashed away in foreign accounts with a view to retrieving them

The more than 15 years of military rule in oil-rich Nigeria was characterised by large scale corruption and looting of government treasury by government officials and the late military ruler, General Sani Abacha

Atiku Abubakar, the Nigerian vice-president, said last week that as soon as the government had gathered the necessary information, it would approach the international community to help retrieve the funds. The government would be ready to make such recover



SWAGMAN The late Sani Abacha made merry with his nation's treasury

ies on a negotiated basis

He regretted that Nigeria did not benefit from the debt reduction announced by the leading industrialised nations during their last meeting, saying the country still had a good case since its economic position was on the decline

According to him, if Nigeria's debt burden was not reduced by the international community, it would reach a point where the community would be invited to help in solving the problems of poverty in the country

The new democratic dispensation in Nigeria, he said, was already being threatened by poverty which had been linked to the debt burden

He said he hoped the international community would not want the Nigerian situation to deteriorate further

Abubakar said the government was ready to improve the fortunes of the country by reversing the trend in conformity with expectations of the international community, adding that accountability and transparency were already in practice in government dealings

Earlier, Adrian Lovett, the deputy director of Jubilee 2000 Coalition, a non governmental organisation campaigning for the write-off of debts for heavily indebted countries in the Third World, said the essence of the campaign hinged on the fact that cancellation of unpayable debts for Third World countries would be the best way to end the millennium

Lovett said his organisation had mounted "pressure on the banks to freeze and eventually release the money that is proved to be rightfully owned by Nigeria"

However, he said the Nigerian government should help the organisation by initiating a formal request, adding "If the government felt able to make such request, we feel optimistic funds may begin to be released"

- Independent Foreign Service

Nigeria vows to speed up its economic revival

ALISTER BULL

Durban - Nigeria pledged yesterday to pursue a vigorous privatisation programme and a ruthless clampdown on corruption to secure the country's economic revival

Presenting Nigeria to foreign investors five weeks after the end of military rule in Africa's most populous country, Alhaji Atiku Abubakar, the vice-president, said Nigeria was ready for strong economic medicine

"We now have the political stability to pursue economic programmes that may entail some hard choices," Abubakar told a news conference on the sidelines of the annual Southern African Economic Summit

He also assured delegates, who included some of the biggest foreign investors on the continent, that Nigeria's army had been purged of more than 100 "politically inclined" officers as insurance against military intervention

"We believe that this was very necessary to protect our new-found democracy," Abubakar said

Elections in March led to the end of 15 years of corrupt military rule and have propelled Nigeria alongside South Africa as the continent's most important countries

Abubakar said there was no question of rivalry between the countries and banished the prospect of a struggle for dominance "We see ourselves as having the same responsibility to bring about peace and stability on the African continent."

Olusegun Obasanjo, the newly elected president, has named a 49-member Cabinet, but analysts warn that it has drawn too heavily from the country's past to back radical reform

Brushing aside this criticism, Abubakar stressed that change was coming. "We have the legal framework in place and have not less than 60 enterprises listed for privatisation" - Reuters

Nigeria cancels licences:

Nigeria's new civilian government yesterday cancelled 16 oil prospecting licences worth tens of millions of dollars, handed out earlier this year by the last military regime. The awarding of the oil prospecting licences earlier this year caused an outcry after it emerged that several members of the outgoing administration were linked to some of the bidding companies

Show commitment to local economy; Nigeria tells global groups

Oil firms get new guidelines

FROM SAPA-AFP

Abuja - Nigeria will award new oil sales contracts only to leading global oil companies and oil refinery operators which are willing to invest in the Nigerian economy, the state-run Nigerian National Petroleum Corporation (NNPC) has said

The restrictions on who will be granted contracts to sell Nigerian crude are written into industry guidelines published by the state run operator on Monday, officials said yesterday

Last Friday, the NNPC scrapped the contracts handed out by the last military regime to 41 companies

Many of the firms holding the past contracts were small operators with close links to the military. Allegations abound over the way the contracts were awarded

Nigeria's new civilian government has promised to clean up the operation of the country's oil industry, which accounts for 95 percent of export earnings

Nigeria is the world's seventh largest producer of crude oil, exporting around 1.8 million barrels a day

Under the new guidelines, companies bidding for new contracts must have a minimum annual turnover of \$100 million and a net worth of not less than \$40 million. They must also fall into

one of the following categories: crude oil end users that own a refinery and outlets abroad, established and globally recognised large volume traders or a company that has built an export oil refinery in Nigeria

The NNPC said it also wants applicants to "show commitment to the development of the Nigerian economy" and invest "in community development project(s) in a community in the oil-producing areas as may be acceptable"

Bidders should show commitment to investing in areas such as the upstream and downstream oil industry sectors, gas utilisation projects, solid minerals development and industries with

foreign exchange earning potential, it said

Bidders should further "post a \$US 1 million performance bond through a first-class Nigerian bank in addition to the regular crude oil contract provisions"

The bond would be cashed if the investment was not made within six months of the signing of the contract or there was no evidence of a commitment to do so, the NNPC added

"In addition to the forfeiture of the bond, oil contract will automatically terminate", the guidelines state

Bidders have until July 31 to apply for the new contracts

Nigerian sales to earn govt \$140m

LAGOS — The planned sale of the remaining Nigerian government shares in 11 companies, including publicly quoted banks, petrol marketing companies, and cement manufacturers, will earn \$140m, a paper said yesterday

Nigerian Vice-President Atiku Abubakar said on Monday that the remaining government shares in those businesses that were already quoted on the Lagos Stock Exchange would be sold before the end of the year

The government share in the three banks, three oil marketing companies and five cement companies has a combined market value of 13.3-billion naira or about 5.25% of the market's capitalisation, This Day newspaper said

Abubakar said on Monday the government was "committed to implementation of a privatisation programme", which would be unfolded in coming months

President Olusegun Obasanjo has issued "definite instructions" for the sale of the government shares in publicly quoted businesses, he said — Sapa-AFP

8015/7/99

(226)

Niger's military ruler votes 'for democracy'

NIAMEY — Niger's military ruler Daouda Malam Wanke was among voters in a referendum on a new constitution for the West African country yesterday and said his vote symbolised the commitment of the armed forces to democracy.

"With this gesture we are showing that we are determined to bring Niger back on to the path of stability through setting up stable democratic institutions," Wanke

said after voting in the town hall of the country's capital, Niamey.

More than 4-million people are registered to vote in the referendum which would bring in power-sharing between a president and a prime minister.

Wanke was the head of the presidential guard blamed for assassinating President Ibrahim Bare Maïnassara on April 9. The army junta which subsequently took

power bowed to international pressure and agreed to move quickly to hold fresh elections.

However, many aid donors, including France, stopped assistance to Niger after the coup.

Two rounds of presidential elections have been provisionally set for October 3 and November 14, with a handover of power to an elected government planned before the end of the year — Reuter

(226)

DD 19/7/99

60 killed in weekend clashes in Nigeria

DD 20/7/99

(226)

SHAGAMU — At least 60 people died in clashes between Nigeria's dominant Hausa and Yoruba tribes near the commercial capital Lagos, residents and local officials said yesterday

They said fighting erupted in Shagamu, 60km from Lagos, on Saturday night after a Hausa woman from northern Nigeria was killed when she was caught watching Yoruba rites and thereby breaking a local taboo

"At least 60 people have died since then from both sides. Four of them were killed this morning (yesterday)," said Habib Sadeeq, a Shagamu resident

"One of those killed was a Yoruba man mistaken for a Hausa by his kinsmen because of the way he was dressed," he said

More armed riot police were moved into Sagamu yesterday to reinforce hundreds patrolling since Sunday to prevent further violence between heavily armed mobs from the two biggest of Nigeria's more than 200 ethnic groups

Ethnic clashes are frequent in the country but those between Hausas and

Yorubas have gained added significance since the end of 15 years of Hausa-dominated military rule on May 29 when President Olusegun Obasanjo, a Yoruba, took office

"It's been two days of madness in this town. It's even too early to talk of the final death toll as I'm not sure anyone knows for sure yet," one local government official said

The Sabo quarter of the town where most of the Hausa community lived was particularly badly scarred. Shops, mosques, hotels and a hospital had been burned while wrecked cars littered the roadsides

Sinister black circles of ash on the streets recorded where victims had been set on fire and burned to death

"I am saddened by what I have seen," Governor Segun Osoba of Ogun State said as he toured Shagamu

"Nobody can see this and not be sober," he said, after a group of Yorubas presented him with the body of a recently killed man whose death was blamed on their rivals — Reuter

Nigeria plans for yearly investment inflow of \$5bn

(226)
Kingsley Kubeyinje

BD 21/7/99

LAGOS — The Nigerian government is targeting a yearly investment inflow of \$5bn in its effort to revitalise the nation's economy, a top official says

Nigeria has a foreign debt of more than \$30bn and its foreign reserves fell from \$7.2bn to less than \$4bn in the past six months

Owing to myriad problems, mainly infrastructural, factories are producing far below capacity

Eugene Okwor, the chairman of the Nigerian Investment Promotion Commission (NIPC), said the government had based its assessment of the funds inflow on investors' favourable attitude towards the new democratic dispensation in the country

Nigeria returned to democracy on May 29 after almost 20 years of military dictatorships that resulted in the systematic disinvestment by multinationals from the west African state

Okwor said President Olusegun Obasanjo's new government, which is encouraging foreign investors to return to the country to do business, intends to encourage the inflow of investment by projecting a positive image of Nigeria

Key government officials are being sent abroad on a routine basis to sell the country and its investment potential to foreign investors. Obasanjo himself and his deputy Atiku Abubakar have visited numerous countries, including SA

Okwor said the government would improve internal security in order to create a safe environment, enhance capacity and create job opportunities

He said all sectors of the economy were expected to benefit from foreign investment, which would also reduce the country's dependence on crude oil, its main foreign exchange earner. At present Nigeria earns as much as 90% of its forex from the sale of petroleum.

According to Okwor, the government has listed agriculture, solid minerals, telecommunications, transport, water resources, manufacturing, banking, power and steel as sectors in which foreign investors might want to put their money

Meanwhile, a US-based vehicle and agricultural equipment group, King Manufacturing Company, is soon to begin test-marketing its King brand of station wagon cars, buses, motorcycles and light-, medium- and heavy-duty trucks

Norman Frank, King's spokesman in Lagos, said the company would later introduce pay loaders, fork lifts and hydraulic excavators to the Nigerian market

Frank said apart from Nigeria, the company intended to open offices in North Africa, Ghana and SA

Uneasy calm in Nigerian town

(226)
SAGAMU — An uneasy calm settled yesterday on this town in southern Nigeria hit by two days of ethnic fighting, residents and officials said, as community leaders appealed for order and calm

"Obviously things are tense, but the situation is relatively calm," a spokesman for Ogun state governor Olusegun Osoba said, following fighting on Sunday and Monday in which at least 66 people were killed

Emotions were still "high" in the town, he said, adding that this was to be expected after the fighting between the town's Yoruba and Hausa communities in a dispute over a Yoruba traditional religious festival

The leader of the Hausa community in Sagamu, Seriki Hausawa Garuba Abdulahi, appealed for peace and urged both sides to avoid revenge attacks

The leader of the Yoruba community, Akarigbo of Remoland, Oba Michael Sonariwo, also called for peace and urged people not to heed calls for revenge

The Hausas and Yorubas are the two largest ethnic communities in the country that is home to more than 108-million people and more than 200 ethnic or linguistic communities

Large communities of both groups generally live peacefully in the towns

Both sides blame the other for the killing spree which erupted in the early hours of Sunday morning on the last day of the eight-day Yoruba festival, the Oro, during which a masquerade parades through the streets of towns at night

Traditionally, the Yoruba leaders ask people not connected with the event to stay at home while the masquerade, reputed to be endowed with magical powers, is on the streets

Five days ago a Hausa woman was killed after she left her home in the early hours

Scores of buildings were burned, cars and trucks set alight and shops and stalls looted on Sunday

The mosque, used by the Muslim Hausa community, was also burned down and a lot of property damaged, officials said — Sapa-AFP

Nigeria delays privatisation plans

CT (OR) 22/7/99(226)

FROM REUTERS

Abuja - Olusegun Obasanjo, Nigeria's president, on Tuesday indefinitely postponed the inauguration of a new council to oversee the long-awaited privatisation of dozens of state enterprises.

No official reason was given for the delay, but Vice-President Atiku Abubakar, who is to chair the council, was to be flown out of Nigeria for medical treatment, said his spokesman.

The privatisation council had been expected to set out an approximate timetable for privatisation of the enterprises.

The development of a privatisation programme and a schedule has been a long-standing demand of local business, international finan-

cial agencies and foreign creditors. International creditors have said it was unlikely they could offer relief on Nigeria's debts while state funds were still being poured into enterprises which have absorbed tens of billions of dollars in oil revenues for little result.

But Nigeria's record on privatisation has been poor under the successive military governments that presided over a steadily declining economy.

Obasanjo took office as elected president on May 29.

Doubts remain about Obasanjo's own commitment to privatisation. He has often appeared to favour the revival of the economy through more carefully targeted spending and the appointment of more honest managers to state firms.

Nigeria in bid to limit budget deficit

William Wallis
and Kingsley Kubeyinje

(226) BD 26/7/99
Rising oil prices ease civilian government's severe economic woes

LAGOS — Nigeria's new government has approved a budget which revises spending upwards in line with the improved world oil price, but avoids widening the deficit it inherited from the former military regime.

Information Minister Dapo Sarumi said the new budget aimed to please the international financing agencies on which Nigeria depends for fresh loans and relief of its \$29bn external debt.

A high level International Monetary Fund delegation led by deputy director Alassane Outtara is in Nigeria at present to discuss a possible

deal. The Staff Monitoring Programme, which could have led to loans as early as next month was derailed when the former military junta lagged behind on its privatisation plan and overshot its budget targets on a last minute spending spree.

Sarumi said the budget had been calculated using an oil price of \$15 a barrel instead of the \$9 forecast in the January budget. Oil accounts for more than 90% of Nigeria's foreign exchange earnings.

The extra budget became necessary because of the lean purse left by the military regime that handed over

power to the elected government of Olusegun Obasanjo on May 29.

When Obasanjo took office, the deficit had risen to \$2.5bn, almost twice that forecast for the whole year. Between January and May the military administration had chalked up \$1bn in budget deficit thanks mainly to excessive spending it embarked upon in its twilight. In April the junta approved an extra-budgetary expenditure of \$62m for what it called "urgent priority projects".

Twenty of these projects were handled by the ministry of the federal capital territory, the ministry of

mines and power, the National Planning Commission, the army navy air force and the police.

The junta went ahead with the projects, despite opposition from many Nigerians. It even paid contractors upfront, some of them in hard currency. The projects were for the construction of buildings, roads and the supply of water and electricity.

Obasanjo has promised to trim wasteful spending and to prioritise agriculture, infrastructure and funding for the oil and gas industry.

The civilian government's dire economic inheritance has been part-

ly mitigated by the rising oil price. Sarumi said of the \$4.6bn revenues, \$2bn would fund joint oil ventures and \$1.5bn would be used to service Nigeria's external debt.

"Essentially the (financing) institutions want a cut-down on deficits and the present (revised budget) has not added to it," Sarumi said.

The government has projected that the country will be able to sell 2.1-million barrels a day.

However, some economists fear that improved oil prices could in fact steer the government away from reforms and encourage spending on ailing state industries, import subsidies and maintaining an artificially high exchange rate for the naira.

IMF support a possibility by end of the year

William Wallis

Financial Times

LAGOS — Nigeria could be in line for a \$1bn standby agreement with the International Monetary Fund (IMF) by the end of the year if it has established a record of tight budgetary control and commitment to economic reform.

A spokesman for Nigerian Pres-

ident Olusegun Obasanjo, who was elected last February, said last week that Alassane Outtara, the IMF deputy managing director, had informed the government that the IMF was also willing to provide a conditional \$1bn "cushioning facility" if a stand-by arrangement was in place.

Philip Asiodu, Obasanjo's economic adviser, said that as part of

efforts to reach an agreement quickly, Nigeria's government would be prepared to host a resident IMF mission.

This was a condition set by Britain — one of Nigeria's biggest creditors — for support in securing relief of the country's mounting external debt of at least \$29bn.

Outtara declined to comment on the proposals.

Swiss company sues Abacha estate for \$253m

Frances Williams, John Mason,
William Wallis and Jimmy Burns

Financial Times

LONDON — Nigeria's president Olusegun Obasanjo has made a personal appeal to US President Bill Clinton and British Prime Minister Tony Blair for help in tracking down billions of dollars allegedly misappropriated by the country's former military leaders and their families.

The appeal coincides with allegations of corruption involving the former military leader Gen Sani Abacha, which are due to come before the London courts.

A Swiss import-export company is attempting to recover more than \$253m from the estate of Gen Abacha and others.

The company Geneva-based Compag-

nie Noga D'Importation et D'Exportation, is seeking to recover money from a debt buy-back transaction concerning Nigeria's controversial Ajaokuta steel plant.

The company claims the money was fraudulently diverted from the Nigerian Central Bank into accounts controlled by Gen Abacha, who died last June, and others. Substantial sums in overseas accounts have been frozen pending the outcome of the action.

Those accused of taking part in the fraud are Gen Abacha's brother Ali Abacha and Nigeria's former finance minister Anthony Ani Gen Abacha's wife Maryam and his son Mohammed Abacha are named as defendants since they represent the former president's estate.

The court case will also focus on the

circumstances in which the money was transferred through some prominent western banks. Although no banks are accused of wrong-doing, the money passed through several accounts without being stopped. The banks were made defendants so the accounts could be frozen.

About \$5bn has been invested in the Ajaokuta plant despite repeated warnings the steel produced would be at prices well above world levels.

Compagnie Noga arranged the debt buy-back after Nigeria defaulted on its \$2.5bn debt to Russia for its construction.

In preliminary court proceedings, the company claimed \$253m was paid out by the central bank of Nigeria in 1996 for the payment of bills of exchange relating to the Ajaokuta debt.

It was converted into Nigerian bonds and passed through accounts with Australia and New Zealand Bank Standard Bank and others. The assets ended up with a number of beneficiaries including two called Mecosta Securities a British Virgin Islands company, and the Liberian registered Parnar Shipping Corporation.

In March this year, a judge made an order to freeze sums in overseas accounts on the grounds there was a real risk the assets would be dissipated.

It is understood the US state department has a list from the Nigerian government naming 14 accounts in 11 banks linked to Abacha, his family and aides. In addition to banks in New York and Louisiana the list is thought to identify others in London, Geneva and Luxembourg.

Chirac urges special Franco-Nigerian relationship

YAOUNDE — French President Jacques Chirac, while on an African tour, has called for a special relationship between France and Nigeria.

Chirac who paid tribute to the restoration of democracy in Africa's most-populous nation on Saturday and then went to Cameroon, curtailed his itinerary to attend yesterday's funeral of King Hassan of Morocco.

Chirac's trip earlier took him to Guinea and Togo. He was the first western leader to visit Nigeria since Olusegun Obasanjo won a presidential election in February.

"Today a new Nigeria is rising before our eyes. A Nigeria which has turned the page of history enters the modern

world," he told Obasanjo on Friday. "France solemnly salutes your great country's embrace of democracy."

Before leaving he praised oil-producing Nigeria's role in the West African region as a peace maker and its potential role as an engine for economic growth in the whole continent.

"Nigeria is a major country in Africa. One whole region of the continent depends on it for peace and prosperity," he told French and Nigerian business leaders on Saturday.

"It already plays a growing and decisive role in crisis resolution and perhaps, in the future, it will become a locomotive for the African economy."

Chirac said that France could play a

special role in helping Nigeria achieve that objective. "We are ready, if you so desire, to join with you in an ambitious economic relationship," he said.

Obasanjo told a joint news conference with Chirac that he was determined to root out corruption and insecurity in his country.

A Nigerian human rights group, the Civil Rights Congress, said that Chirac was unwelcome in Nigeria because he had maintained links with late dictator Sani Abacha.

"We will not forget how other countries took to the side of truth and justice while your government focused more on the economic advantages derivable from a warm relationship with tyranny,"

the organisation said.

The French president was the only western leader to meet Abacha during his harsh four-and-a-half year rule, which ended in 1998.

Cameroon gave its capital Yaounde a facelift for Chirac's visit. Makeshift shops were torn down, trash cleared, potholes filled in, buildings painted and traffic lights repaired.

State radio urged markets to close in time for Chirac's arrival.

President Paul Biya welcomed Chirac as a constant friend who understood Africa's problems. Chirac urged continued "truthful, respectful and affectionate" relations between the two nations. — Reuter

(226) BD 26/7/99

AFRICA

(226)

Sixty-four trapped oil workers freed

ST 27/7/99
YOUTHS in the southern Nigerian oil-producing region have released 64 employees of the Anglo-Dutch group Shell trapped on a drilling rig, a spokesperson for the company said yesterday.

The workers were trapped last Tuesday when youths cordoned off the access route to a drilling rig on which they were working in the delta region. They were trapped for two days, the Shell official said.

The *Vanguard* newspaper reported that the workers had been kidnapped, but the spokesperson said they were simply trapped by youths blocking off the site.

Rebels surrender: More than 3 000 rebels in the Democratic Republic of Congo have surrendered to government forces, President Laurent Kabila's office

Nigeria moves to end ethnic unrest in Kano

(226)

BD 27/7/99

KANO — Troops were sent into the northern Nigerian city of Kano yesterday to stop renewed rioting after up to 40 people were killed at the weekend following violent clashes between members of the Hausa and Yoruba tribes

"The police are working jointly with the army to make sure everything is under control," said Kano state spokesman Sani Mohammed Usman

There were no reports of fighting from the traditional flashpoint districts of the mostly Hausa Kano or of Lagos in the Yoruba southwest, where security was also reinforced after warnings of possible riots

Governors of both cities appealed for calm to end the violence which has cast a shadow over the new democracy in Africa's most populous nation

Thousands of southerners who fled their homes in Kano, a city of about 1-million people, were given food and water at the police stations and military barracks where they took refuge

Officials say they know of at least 19 dead, but believe the figure is likely to have risen since Thursday when fighting erupted after the return home of Hausas wounded in clashes days earlier at the southwestern town of Shagamu

Residents say up to 40 people have died in Kano since then

Many of the dead in Kano were Yorubas, but official sources said some Hausas were also killed, apparently by

police bullets, when security forces intervened to stop the rioting

At least 60 people died at Shagamu, 60km from Lagos, after a Hausa woman was killed for breaking a Yoruba taboo by watching local rites last weekend

Nigeria, which fought a civil war in the 1960s when up to 1-million people died, has been seized by an upsurge of ethnic violence since President Olusegun Obasanjo took office on May 29 to end 15 years of corrupt military rule

Meanwhile, it is reported from London that youths in southern Nigeria have released 64 oilworkers who were held hostage while working for oil company Royal Dutch/Shell

The seven expatriates and 57 Nigerians were held on a drilling rig from Tuesday to Thursday last week by ethnic Isoko youths of the Ozoro and Ovrode communities which are demanding money and more amenities for local people

Taking hostages for ransom and political demands has surged in recent months, making life extremely difficult for the multinationals working in the Niger Delta where most of Nigeria's oil is pumped

Shell, which normally produces about half Nigeria's 1.9-million barrels of crude a day, has been forced to scale back output by at least a quarter because insecurity has made it impossible to monitor installations — Reuter

Nigeria aims to cut budget deficit by 90%

BD 28/7/99 (226)

ABUJA — Nigerian President Olusegun Obasanjo said yesterday he aimed this year to slash by more than 90% the budget deficit he inherited from a spendthrift military regime

Obasanjo said his revised budget would leave a deficit of \$240m by the end of 1999, compared with the \$2.5bn when the military ended 15 years in power on May 29

"Government will maintain a tight fiscal stance despite increased oil revenue," Obasanjo said at a full session of the two-chamber national assembly

The national assembly will now consider the proposal

Obasanjo has been under pressure from creditors and the International Monetary Fund to cut the deficit. They have offered a \$1bn standby loan if Nigeria can meet targets for good management by the end of the year

Spending rises

His promise to end decades of institutional corruption has already been welcomed by international financial agencies and many of the 108-million population

The population of Nigeria has been struggling with victims of seemingly terminal economic decline

The revised budget actually increased spending compared with the budget drawn up by the last military ruler, Gen Abdulsalam Abubakar, to \$2bn in the remaining five months against the \$2.9bn previously planned for the whole year

Abubakar's budgetary guidelines were not closely adhered to against a backdrop of low oil prices and a deluge of last-minute contracts

"The spending pattern would have

led us to catastrophic results," said Obasanjo

"I hope the measures I have put before you today will firmly set us up for January 2000 when we draw up the full annual budget that will incorporate more of our economic vision," he told members of the senate and the house of representatives

The revised budget is calculated on the basis of \$15 a barrel of oil against \$9 for the last January budget

Obasanjo, a former military ruler who entrenched the state's role in the economy during the 1970s, proclaimed himself a late convert to privatisation — a key demand of creditors who could open the way for relief on \$30bn in foreign debts

However, he did not set out a clear timetable for selling off wholly owned utilities that absorb massive subsidies but which leave Nigerians short of power, communications and fuel

"We have already summoned the World Bank to do management and evaluation audit for these parastatals

"The same measures will apply to the assembly plants, sugar companies, hotels and petroleum refineries," said Obasanjo

For the oil sector, which accounts for 90% of export earnings, Obasanjo promised an end to years of underfunding and to provide sufficient funding to increase production by 50% over the next four years, bringing it to 3-million barrels a day

Obasanjo also said that with the necessary investment, Nigeria could be earning as much from natural gas as it did from oil by then

"It is true the situation regarding our national economy is pathetic, but it is not hopeless," he said — Reuter

Investors seek out Nigerian opportunities

CT(MR) 29/7/99 (226)

TOYE OLORI

Lagos—A group of nine international investment managers from the US and Europe have arrived in Nigeria in search of avenues to boost the country's bid for foreign investments

The group managed funds for investment that totalled \$500 billion, according to Nomura International of London, one of the trip's co-sponsors. The other sponsor is African International Bank.

The three leading members of the group had investible private capital of about \$350 billion and six other groups had funds estimated at between \$150 billion and \$200 billion.

The two-day visit will afford the international investment managers the opportunity to watch proceedings at the Nigerian stock exchange and visit some of the leading companies quoted on the exchange.

According to a report by Nomura International, "the potentials for investment in Nigeria are very high."

"Nigeria offers the prospects of very high returns and represents an economy too important to ignore."

At a lunch for the visitors, Pat Utomi of the Lagos Business School traced the Nigerian economy's problems to the centralisation of government under the military from the mid 1960s, which dampened the spirit of competition among the regions and changed the orientation from creating wealth to sharing oil wealth from the seventies.

This attitude, he said, reduced

the growth rate from an average of 3.3 percent between 1956 and 1966 to less than 1 percent between 1967 and 1977.

Utomi said he believed democracy would play a critical role in getting the Nigerian economy back on track.

Social infrastructural requirements in Nigeria were immense and would open whole new opportunities for investment, Utomi said.

The Nigerian government and industrialists have vigorously campaigned to bring more foreign investments into their country during trade and investment missions abroad, by explaining the government's

new and improved policies to their foreign counterparts.

"There are immense opportunities in the nation's agriculture, health, education, technology, communications and solid mineral sectors which foreigners can exploit for the mutual bene-

The potential for investment is very high, according to a report from Nomura

fit of Nigeria and their countries," Rufus Giwa, the president of the Manufacturers' Association of Nigeria, said during one of his meetings with foreign investors in Lagos.

Last year the government earmarked eight public companies for privatisation, in which foreign investors are to have a 40 percent equity stake.

Some public companies in which the government plans to hand off its shareholding include the National Electric Power Authority, the Nigeria Telecommunications, the banking sector and a cement company - Independent Foreign Service.

Nigeria to launch privatisation body

(aab) DD 30/7/99

**Kingsley Kubeyinje
and Reuter**

Obasanjo provides details of three-phase plan

LAGOS — A national council on privatisation, which will approve policies on privatisation and commercialisation, will be inaugurated in Abuja by the Nigerian government this week.

The council will also provide guidelines for the valuation of public enterprises, choose strategic investors, approve the legal and regulatory framework for the enterprises to be privatised and appoint privatisation advisers and consultants.

The plan to inaugurate the council, contained in President Olusegun Obasanjo's Tuesday supplementary

budget speech, is seen by financial analysts as a demonstration of the administration's commitment to running a market economy as well as divesting its shares in unprofitable public utilities.

The erstwhile military government, which handed power to civilians on May 29, earmarked more than 45 inefficiently-run public utilities for privatisation but lacked the political will to carry out the privatisation exercise. This is in spite of the short-listing of a number of foreign technical experts to guide the privatisation exercise from which the country hoped to reap boun-

tifully Peter Chukwudi, an investment expert, said the president's pronouncement was a clear signal to the foreign investors that the nation's privatisation bid was still on course.

Obasanjo also set out a three-phase plan yesterday for privatising more than 1 000 state enterprises, but said his government would take its time to avoid being short-changed.

No mention was made of selling any stake in the upstream oil industry on which Nigeria relies for 90% of exports.

"For the utility companies such as Nitel and Nepa a lot more work would

have to be carried out for sale," Obasanjo said at the inauguration of a National Council on Privatisation, which is to oversee the process.

Obasanjo said while his administration was not ignoring the debate on the desirability or otherwise of privatisation, the facts borne out by abundant statistics were that whereas the government had over the years pumped huge resources into acquiring and nurturing these assets, the returns had remained either embarrassing low or persistently negative. Official figures indicate that the west African state had over the years lost more than \$20bn in investment in the public enterprises manned by feckless public officers.

MTN

WHO'LL GET NIGERIAN CONNECTION

Licences are frozen as government untangles chaotic market

(226) FM 2/8/99 30/07/99

SA cellular operator MTN wants to become the largest telecoms operator in Africa. In addition to its estimated 1.5m mobile subscribers in SA, MTN has already invested about US\$110m on mobile and fixed-line networks in Uganda, as well as mobile networks in Rwanda and Swaziland.

Next in the viewfinder is Nigeria. "This market could rival SA in size," says MTN group executive for international business development Ross Macdonald.

Nigeria has just over 400 000 people connected to telephones. Of these, less than 40 000 in the major cities have access to mobile telephony. With the International Monetary Fund predicting a growth rate of 5.5% next year and with Nigeria's population exceeding 121m, triple that of SA, this is a desirable market.

MTN is prepared to invest more than US\$100m in MTN Nigeria. If the plan succeeds, it will be the biggest foreign investment in Nigeria's telecoms sector.

Though MTN has a Nigerian mobile phone and international telecommunications licence, it does not have the go-ahead to build a network. The reason is that hundreds of licences were issued by corrupt former military regimes.

In a bid to root out rampant corruption, Nigerian President Olusegun Obasanjo, who took over as head of the civilian government at the end of May, has suspended all licences, awards and appointments issued this year. But in some cases, licences that were issued as far back as 1976 are being reviewed.

"It's chaotic. Everyone has a licence," says an SA-based Nigerian, who points out that the oil companies have their own private networks and that there are 74 "VSat" satellite licences — more than 50 of these were issued this year alone.

MTN — unlike most of the other licensees — is in the enviable position of also having been allocated scarce frequency (1800 MHz and 1900 MHz). But until the licensing process is rekindled, it remains hamstrung.

Another problem is that MTN has alienated former partners. "MTN has been playing all sides of the fiddle," says consultant Shola Ajay, who heads a private US/SA group called TeleAfrica. Ajay formerly partnered MTN and its founding shareholder, MultiChoice, in African investments. "MTN has burnt many bridges. In Nigeria it is associated with the discredited former regime," says Ajay.

MTN's Nigerian partner, Integrated Mo-

bil Services (IMS), is headed by Sanu Bello, a former military colonel and son-in-law of the former president. Macdonald admits that MTN had considered forming partnerships with other operators, but none has got off the ground. "Ericsson (the infrastructure supplier) put us in touch with IMS and we made a new submission," he says. The licence was awarded in May. MTN has a 55% stake in MTN Nigeria, 45% is held by IMS.

Other players who showed an interest in Nigeria prior to May could also be discredited. Ajay, too, is waiting to hear whether his consortium will be given the go-ahead for a mobile phone network. In 1994 Ajay helped spearhead MultiChoice's bid for a licence under the name of Tandem Nigeria. The group paid N2m for two frequency bands but efforts to commence operations were thwarted and licences cancelled early in 1996 as result of political interference. Following the execution of activist Ken Saro-Wiwa, MultiChoice adopted a passive policy which Ajay dubs, "keep Nigeria warm".

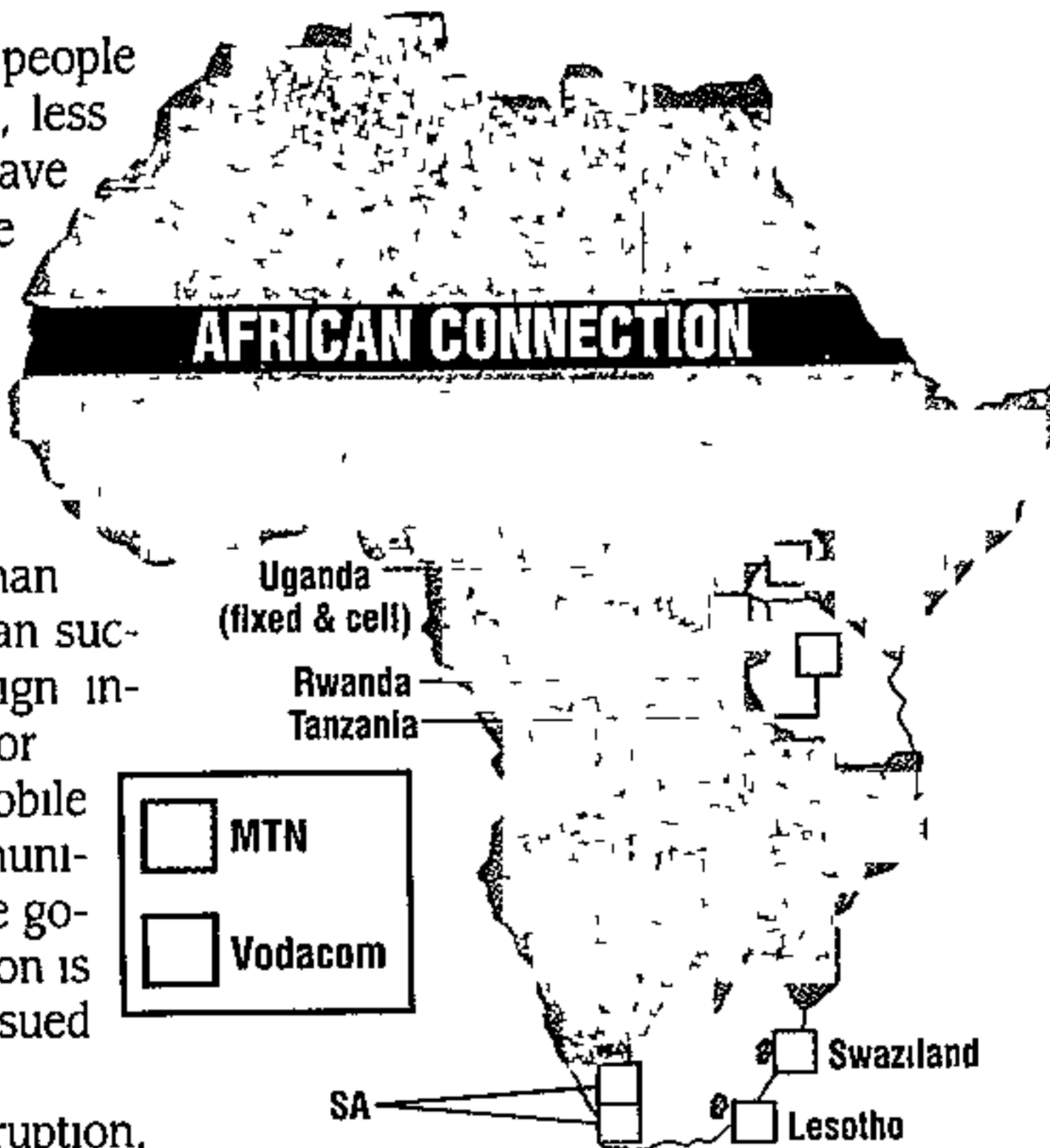
Ajay and his partners (which included listed SA companies) resigned from working with MultiChoice and started doing business as TeleAfrica International. A licence was reissued to TeleAfrica Nigeria in 1997. Other GSM licences went to M-tophone (owned by a Lebanese family, Chagouri Chagouri, and Mohammed Abacha) and Wireless Systems (owned by Abdul Kadir Abacha).

Though two of the new licences were owned by family of the former dictator Sani Abacha, only TeleAfrica's licence was revoked under mysterious circumstances.

Obsanjo's decision to put all licences on hold pending a review makes sense. MTN's Macdonald remains optimistic of his group's chances in Nigeria. He says that MTN is also considering investing in Tanzania, Kenya, Côte d'Ivoire, Ghana and Senegal. "We have a regional strategy."

The fastest inroads have been into Uganda where MTN Uganda has signed up more than 35 000 customers. Telephone penetration has doubled since MTN's arrival last year. Meanwhile, MTN shareholders Transnet and Johnnic have indicated that the other major opportunity is as a future competitor to Telkom SA. That MTN chairman Saki Macozoma is also head of Transnet could see impetus given to the proposed merger of the telecoms arms of Transnet, Eskom and Denel.

In contrast, rival Vodacom has lagged in its African expansion. It has a small network in Lesotho and was recently appointed the fifth mobile operator in Tanzania. The likely reason for this tardiness is that Telkom's shareholders — Vodafone of the UK and Telkom (which in turn has US communications giant SBC and Telekom Malaysia as shareholders) — have their own African strategies. Marina Bidoli



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"MTN's other major opportunity is as a competitor to Telkom SA"

Global mergers cut into profit

Kingsley Kubeyinje

(226)

ND 2/8/99

LAGOS — Mergers and acquisitions involving multinationals worldwide have led to a sharp decline in the profitability of their Nigerian operations, says the Nigerian Shareholders' Solidarity Association

Alarmed by the development which meant declining returns to investors, the association — a voluntary body grouping shareholders of quoted companies — has called for a swift reversal of what it calls a bad trend

Most affected are companies in the foods and drugs subsector, whose profitability, turnover and return on investment have nosedived considerably over the last three years

The association put the total

loss by the Nigerian outlets of the multinationals at \$400m in the past 36 months

Some of the companies' operations in Nigeria hurt by the merger trend include Beecham, Nestle and Glaxo

Smithkline Beecham, which merged the operations of former Smithkline and Beecham, suffered several dislocations in 1996, losing \$3.7m since the merger in Nigeria

Although turnover improved slightly in 1997 going from \$29m to \$32m, the company recorded a loss of \$3.76m in turnover in the 1998 financial year

According to the association's president, Akintunde Asalu, the mergers between many companies in Nigeria in the past few years had negatively affected the growth and development of industries

He described most of the partners who proposed the merger arrangements as "economic saboteurs", who were ready to protect their own business interests to the detriment of the Nigerian shareholders

Meanwhile, the president of the Nigerian Stock Exchange Goddie Ibru, has commended the repeal of the Exchange Control Act of 1962, saying it buoyed foreign investment in the country

He said that owing to the repeal, foreign investors sank \$93.5bn in the Nigerian economy between July 1995 and 1998

Ibru said the repeal led to an increase in the equity holding of foreign investors to about 45% of the market capitalisation of the exchange, which currently stood at \$2.56bn

New foreign interest

in Nigerian uranium

(226) ED 3/8/99
Kingsley Kubeyinje

LAGOS — The discovery of uranium in commercial quantities in Nigeria has renewed interest among foreign investors and prompted government to launch fresh moves to promote its exploitation. Recent surveys indicate that uranium can be found in commercial quantities in six of Nigeria's 36 states. An official report says the radioactive mineral has been found in the southeastern Cross River state, as well as in Bauchi, Adamawa, Taraba, Plateau and Kano states in northern Nigeria.

A top official in the ministry of solid minerals development, who did not want to be named, said recently that a group of US investors arrived in the country "eager to investigate occurrences in the identified states".

The Nigerian government carried out exploration activities for the mineral in the 1970s following the establishment of the state-owned Nigerian Uranium Mining Company.

The firm was wound up following complaints by its technical partners that deposits were limited and its functions were taken over by the Uranium Exploration Project, a unit in the ministry of solid minerals development.

Now ministry sources hint that government is "seriously considering" resurrecting the Nigerian Uranium Mining Company to boost exploration.

Sources also say the defence ministry has shown "a keen interest" in uranium and might push for a substantial stake in its exploration because it is raw material for nuclear weapons.

Defence sources say the move is in line with international practice by

which radioactive minerals are subject to control by security agents.

Nigeria is determined to diversify its revenue base and one of the ways it is going about this is by inviting foreign investors to build up the solid minerals subsector. Nigeria earns up to 90% of foreign exchange from petroleum sales.

President Olusegun Obasanjo has charged his solid minerals minister with ensuring that the country earns a substantial part of its revenue from solid minerals. He has also warned that the minister's performance will be judged by this yardstick.

Apart from uranium, Nigeria has other solid minerals such as gold, tin, coal, bitumen and bauxite. Although surveys indicate that gold can be exploited in commercial quantities, serious work on this is yet to start.

A source in the solid minerals ministry attributes the seeming inaction to "the huge capital outlay" and expertise required for mining gold.

He said that Nigerian investors did not have the capital required and that foreign investors were "scared stiff" of putting money down, particularly during the "uncertain years" of military ruler Gen Sani Abacha.

Abacha's regime did not enjoy the support of Nigeria's traditional western allies and tried to make new friends with remnants of the defunct Soviet bloc.

The uncertainty prompted a number of multinationals which had been operating in Nigeria for decades to disinvest. However, with the election of a democratic government in May things are looking up for the economy and potential foreign investors are coming back to look for opportunities.

Three-phase plan to begin with sale of state-owned listed companies

Obasanjo spells out plans for Nigerian privatisation

(226) ET (BR) 2/8/99
(about R8 billion) in the past few years.

The loss, according to Obasanjo, was a result of unreliable power supply as well as inadequate and inefficient fuel distribution.

Obasanjo noted that the monetary loss did not include the human suffering and deaths caused by fuel shortages.

He said the privatisation exercise would be carried out in three phases, beginning with commercial and merchant banks and cement companies in which government plans to sell its shares.

The companies are quoted on the Nigeria Stock Exchange.

Phase two would affect hotels and motor and vehicle assembly plants. Phase three would include electricity, telecommunications and the petroleum sector, including refineries, and Nigeria Airways.

Obasanjo said the government's plans first to dispose of equities quoted on the stock exchange, particularly cement companies and banks. This was based on the relative ease with which they could be evaluated.

He said the government would monitor the market's ability to absorb these equities and encourage core investors to give preference to them - Independent Foreign Service



ACTION MAN President Obasanjo has promised to get privatisation up and running after eight years of neglect

monopoly. Rather, in our determination to be unyielding and uncompromising in the pursuit of the best interest of this country, we want to remove the financial burden which these enterprises constitute on the public and release resources for the essential functions of government," Obasanjo said.

He disclosed that while successive Nigerian governments had invested up to \$60 billion in public-owned enterprises, annual returns on them had been well below 10 percent.

"The declining revenue and escalating demand for effective and affordable social services prompted members of the public to step up yearnings for state-owned enterprises to become more efficient," Obasanjo said.

He traced the problems of public companies to defective capital structure, excessive bureaucracy, control, inappropriate technology, gross incompetence and mismanagement, blatant corruption and the crippling complacency which monopoly engenders.

More than a thousand state-owned companies and parastatals performed below average. They included the National Electricity Power Authority (Nepa), which consumers have dubbed "Never Expect Power Always",

Lagos - President Olusegun Obasanjo says Nigeria's privatisation programme is not being carried out to please the World Bank and the International Monetary Fund (IMF) but to benefit his country's economic recovery and social life.

Obasanjo inaugurated the National Council on Privatisation to be led by Vice-President Alhaji Atiku Abubakar.

Obasanjo explained that privatisation would ensure more service providers would be brought in to compete. This would hence regulate the market for fairer pricing, effectiveness and quick delivery of quality services.

He said the exercise was intended to integrate the national economy into the mainstream of the world economic order. This would ensure the country gained competence and capital of the developed world.

Obasanjo said that the critical issues before his administration were how to achieve a well designed, properly co-ordinated and sequenced credible and widely accepted privatisation programme.

We are not about to replace public monopoly with private

Nigeria says no to IMF monitors in central bank

(226) BD 4/8/99

Priority is to clean up mess left by the military

William Wallis

Financial Times

LONDON — Nigeria's new government has ruled out British proposals that International Monetary Fund (IMF) officials monitor the handling of finances from within the central bank, says Adamu Ciroma, the finance minister.

Ciroma — a veteran politician from Nigeria's Muslim north — said in the *Financial Times* there was no reason to doubt the government's commitment to economic reform, such as the privatisation of state-run industries.

He was in favour of measures to improve government transparency, which will be vital to Nigeria's chances of reaching a possible \$1bn standby agreement with the IMF.

The World Bank, he said, had already begun an audit of the Nigerian National Petroleum Corporation, which has been at the centre of state-sponsored corruption in the past.

There were differences with the IMF over the pace of reform and he said the suggestion from Nigeria's largest creditor, Britain, that IMF officials monitor the central bank in return for debt relief, was politically unacceptable.

"There are no serious disagreements but there are certain things we want to do, that they want us to do now. According to our programme, we want to do them in 2000, such as deregulating the price of petroleum products," he said. "Price increases now will be politically difficult to administer."

Nigeria is facing its worst economic crisis after 15 years of military misrule, which ended with a last-minute slew of oil contracts and a ballooning deficit.

Last week, IMF officials visited Nige-

ria for the first time since the military handed power to an elected president, Olusegun Obasanjo. They said they were impressed by the commitment with which he had begun tackling corruption. They were satisfied with revised budgetary targets, which aim to reduce the deficit inherited from the military by 90% by the year end.

But Nigerian officials said the IMF team expressed frustration with exchange rate controls, and subsidies on fertilisers and fuel, and went away until October without setting benchmarks for a deal.

The most optimistic outcome would be a one-year standby agreement that would be in place by next year, leading to a \$1bn loan and debt relief followed by partial debt cancellation.

Two-thirds of Nigeria's estimated \$30bn external debt is with the Paris Club. Critics of the government fear the rising price of oil, Nigeria's main foreign exchange earner, may have reduced the incentive for structural reforms.

However there is widespread acknowledgement that Obasanjo faces a daunting task dismantling the patronage system that past regimes depended on, while convincing the impoverished population of the merits of an IMF deal.

"Having IMF monitors in the central bank assumes that we are incapable of doing our job," Ciroma said.

"We want to do the right thing on our own account not because the IMF or the World Bank or anybody else wants us to do it," he said.

His priority has been to clean up the mess left by the military, he said, and attempt to restore economic stability so Nigeria is on a firmer footing at the start of the new millennium.

Nigerian head of state gets World Bank support pledge

(aab)
FROM REUTERS

Abuja - Nigerian President Olusegun Obasanjo had received a pledge of support from the World Bank for his economic development and poverty alleviation programmes, a presidency statement said yesterday.

"In a letter to the president, the World Bank President James Wolfensohn said all new World Bank financial assistance to Nigeria would attract concessional interest rates of 0.5 percent," the statement said.

Payment of the principal would be over 35 years after an initial 10-year grace period. The terms would apply until Nigeria's external financial position showed significant improvement.

Wolfensohn said he was encouraged by the anti-corruption stance of Obasanjo who took power in Africa's most populous country on May 29 to end 15 years of corrupt military rule which left the economy in ruins.

Apart from ordering a probe of his military predecessors and a purge of military officers tainted by politics, Obasanjo has also promised to carry out economic reforms including the privatisation of ailing state firms.

The International Monetary Fund has already offered Nigeria a \$1 billion loan to help revive its economy, depending on the agreement of a standby arrangement to last a minimum of six months and a maximum of 12 months

ET (PR) 5/8/99

Nigerian troops crack down on ethnic violence

(aab)
MTG 30/7 - 5/8/99

Lagos, after a Hausa woman from the north was murdered for breaking a local taboo by watching a Yoruba ceremony

At least 60 people died in the ensuing riots in the area, and thousands of Hausas were forced to flee to the north. Their accounts of the killings provoked retaliatory attacks last weekend on Yorubas living in Kano.

The government says the death toll in Kano was "not high", but residents say dozens of bodies littered the streets, including those of children. Nigerian newspapers say

at least 100 Yorubas were murdered in Kano

Hausas were also killed, apparently by the security forces as they tried to crack down on the rioting.

The government says calm has been restored, but thousands of Yorubas sought refuge at police stations and at a military barracks on Monday.

Tension between Hausas and Yorubas has frequently burst into violence among the one million people of Kano, the de facto capital of the north.

While the Hausa-dominated north

Obasanjo as the country's first elected president in 16 years. A Yoruba, he has promised to end the abuses of the past.

But the clashes in Kano and Shagamu, along with growing unrest in other parts of the country, offer a challenge to the fledgling administration's attempts to be seen as a government for all Nigerians.

Hundreds of people have been killed in recent months in a series of clashes in the oil-rich Niger Delta as local communities demand compensation for pollution and a share of the wealth pumped from their soil.

On Monday a local newspaper reported that youths had kidnapped 64 employees of the Shell oil company, including seven foreigners.

is Muslim, southern Nigeria is at least nominally Christian. But the rivalry is also fuelled by political differences.

Southerners, and Yorubas in particular, have long blamed Hausas for the decades of military rule that have blighted the country. The army is dominated by Hausas. Many Hausas feel the Yorubas have exercised too much influence through their control of business and the economy.

The political balance, however, shifted with the swearing in two months ago of General Olusegun

Oil firm sues Nigeria
over cancelled grants (aab)

FROM REUTERS

Lagos - Nigeria's Heritage Oil and Gas was suing President Olusegun Obasanjo's government over the cancellation of a deep water concession awarded by the past military regime, court officials said yesterday

Heritage is claiming 15 billion naira (R926 million) from the government, which revoked the licence last month along with 15 others awarded by former military ruler General Abdulsalam Abubakar, who stepped down on May 29. Many of the Nigerian oil firms given the potentially lucrative oil "blocks" were linked to serving and retired military officers

The blocks in one of the world's hottest exploration areas are adjacent to concessions believed to contain hundreds of millions of barrels of crude reserves

ET (BR) 10/8/99

New equity fund for Nigeria

About \$60m set aside for development of capital market in west African country

Kingsley Kubeyinje

LAGOS — The International Finance Corporation (IFC) has created a \$60m equity fund to develop Nigeria's capital market.

Ndi Okereke-Onyike, acting director-general of the Nigerian Stock Exchange, said in Lagos that the creation of the special fund had in effect ended the country's lack of access to international investment funds. Okereke-Onyike was speaking only days after the stock exchange inaugurated its automated trading system.

In 1996 and 1997, the Nigerian stock market was ranked well in terms of dividend yields among the world's stock markets, but it could not assist the west African country because of the international sanctions in place against the military regime of Gen Sani Abacha at the time.

Okereke-Onyike said the new fund would be used to update the "trading infrastructure" at the 38-year-old exchange.

This would include the introduction of information technology such as V-SAT and the interconnectivity of trading floors.

She said the exchange would "in the next 12 months lead a regional market for west Africa via a V-SAT link with the Ghana and Abidjan stock markets." The IFC and the Nigerian Stock Exchange were still working out how to disburse the IFC's funds, but Okereke-Onyike hinted that the corporation could either give the money directly to the exchange or supply the technology.

Nigeria had over the years been denied access to the IFC's development funds for emerging markets because of military rule, she said.

Nigeria returned to democracy on May 29 with the inauguration of Olusegun Obasanjo as executive president.

The military seized power in December 1983 and ruled until May this year.

During the reign of Abacha, dubbed the country's most hated ruler since independence in 1960, Nigeria was treated like a pariah state as many industrial states and multilateral institutions stopped cooperating with and assisting the country.

In particular, the US, Canada and the European Union slapped a series of sanctions

on the country to force Abacha's regime to democratise and to respect human rights.

Economist Tunde Olajide said Nigeria lost about \$50bn in investment during its years of isolation.

Okereke-Onyike said the situation had changed since Nigeria's return to democracy in May. She said high net-worth and institutional investors were showing deep interest in the country.

Last week the Nigerian Stock Exchange hosted 10 people representing a select group of leading international investors from the US and the UK.

The investors, who manage funds worth more than \$300bn, were led by the Nomura investment group from the US.

At present, the exchange has six branches, each with a trading floor.

It has 257 securities made up of 36 federal government stocks, 62 corporate/industrial loans and debenture/preference stocks, and 159 equity/shares of companies, all with a total market capitalisation of \$0.34bn.

The exchange also has a market network of 140 stockbroking firms.

Nigerian troops 'kill 300 to quell unrest' (226)

LAGOS — Troops killed about 300 people in a botched operation to dampen community unrest in a remote region of northeast Nigeria last week, the Post Express newspaper said yesterday.

The incident reportedly took place in the Takum local government area of Taraba State.

The report could not be confirmed independently and defence ministry and presidency officials declined to comment.

In a live interview on state television late Tuesday President Olusegun Obasanjo said that just before coming on air he had received a security report on a situation in Taraba State.

An official at government house in Jalingo, the capital of Taraba State, confirmed that there had been "unrest" in Takum last week but said he was not authorised to provide details.

Meanwhile, the British Foreign Office reported on Tuesday that five British men were missing after a series of kidnappings in the Delta region in southern Nigeria over the past week.

The men, part of a nine-member group of British nationals in the area, were kidnapped in three separate incidents, officials disclosed.

They named two of the missing as engineers David Welsh and Keith Miller. Both are employees of the Niger-Benue Transport Company.

A Foreign Office spokesman confirmed that some of the other men were oil workers — Sapa-AFP-DPA

BA 12/8/99

Nigeria asks for end to oil firm handouts

(22b)

FROM SAPA-AFP

Lagos - Nigerian President Oluksun Obasanjo had urged multinational oil companies operating in the troubled Niger delta region to stop handing out cash to local communities, a top official said yesterday.

Jackson Gaus-Obaseki, the managing director of the Nigerian National Petroleum Corporation, told oil company executives at a meeting on the crisis in the region that instead of trying to discourage insecurity they should try to promote development.

The Niger Delta, the hub of

Nigeria's multibillion-dollar oil industry, has suffered years of neglect. Production by the six major oil joint ventures in Nigeria has been hit in recent months by community unrest.

Anglo-Dutch group Shell, the largest operator, said last month it was operating at 25 percent capacity because of security problems in the crime-ridden and poverty-stricken region.

"The president is committed to providing an enabling environment for you to operate in," Gaus-Obaseki said. "He has asked you, do not offer money. He is committed to giving you support."

He said the government's intention was to help "both the operators and the communities" but past strategies had failed.

"Today's meeting will proffer solutions to the problem," Gaus-Obaseki said, noting the sharp rise in criminal activity in the area in recent years.

"It has grown beyond normal community unrest. By the time you find people hijacking our helicopters, kidnapping people, asking for ransoms, then of course it is not a protest anymore," said the head of the state oil operator.

But the oil industry was not innocent, he added.

"I expect that at the end of the day we will find that we (oil operators) contributed, maybe unconsciously, to the situation in which we find ourselves."

"Rather than an individual approach, we should have a group approach," he said.

"For as long as you continue to offer money, it will be a question of the highest bidder and you will never get out of it."

The officials then went into a closed-door meeting to discuss development strategies for the area. They were expected to issue a communiqué following their meeting.

US signs agreement with Nigeria on energy sector

ABUJA — US Energy Secretary Bill Richardson has signed a tentative co-operation agreement to help Nigeria's troubled energy sector in return for substantial free-market reforms, officials said yesterday.

Richardson, the most senior US official to visit Nigeria since an elected government was inaugurated three months ago, signed the memorandum with Nigeria's Energy Minister Bola Ige on Saturday.

The document urges Nigeria to begin privatising state energy companies and removing trade and investment barriers. It calls for short-term US aid to alleviate oil, gas and electricity shortages in Nigeria.

Although Nigeria is the world's sixth largest oil exporter and the fifth largest to the US, serious fuel shortages are common and gasoline is frequently sold only on the black market.

The country's new government led by the first elected civilian in 15 years, President Olusegun Obasanjo, has promised to fight corruption and focus on resolving violent

disputes between rival groups vying for state oil revenues.

Richardson said US President Bill Clinton believed aiding the country was a priority.

"The Clinton administration feels Nigeria is one of four countries in the world that requires important US attention in investment," Richardson said.

Richardson also declared US support for plans by a consortium led by US oil company Chevron to build a \$400m pipeline to ship Nigerian gas to neighbouring Benin, Ghana and Togo.

Nigerian National Petroleum Corporation MD Jackson Gause Obaseki said on Saturday the government had lost more than \$1bn in oil revenue this year as a result of violent disruptions to the petroleum industry.

Richardson was scheduled to visit the troubled, oil-rich Niger Delta region yesterday, where most of the country's crude is drilled but where violence often disrupts production — Dow Jones

Subsidiary of US's Enron to supply electricity

Lagos signs \$800m deal to light up city

ET (Mk) 17/18/99 (22b)

FROM AFP

Lagos - The state of Lagos, the home to Nigeria's largest city and commercial capital, had signed the first stage of an \$800 million agreement with a US company to supply electricity to the city, officials said yesterday.

The agreement was signed last Friday by Bola Tinubu, the Lagos state governor, and officials of Enron Power Nigeria, the Nigerian subsidiary of the US-based company.

Under the first phase of the project, the company was expected to begin generating 90 megawatts of electricity in October, equivalent to 20 percent of the power supplied to the city by the National Electric

Power Authority (Nepa), the state-run power group.

The generating units will be mounted on barges at Ijora, Lagos, from where the power will be connected to the city grid.

The second phase of the project involves the building of a 560 megawatt gas turbine power plant outside the city.

A 280km pipeline will be built to supply the plant with natural gas from offshore units in southeast Nigeria.

The project is expected to create more than 2 500 jobs in the long term and involve an investment of \$800 million. It represents the first significant breach in the monopoly enjoyed until today by Nepa, which was set up in 1975 to supply

Nigeria and its neighbours with electrical power.

The Nigerian authorities last year ended Nepa's legal monopoly but the new deal is the first to take advantage of the move.

Nepa's installed capacity is about 6 000 megawatts but, because of the lack of maintenance and mismanagement, it generates only 1 600 megawatts. This is well below the national demand, which is estimated at 2 470 megawatts.

The result is daily power cuts in most of those areas fortunate enough to receive power at all.

Mobil, the US oil company, is at an advanced planning stage for a 350 megawatt power plant at Bonny in the southeast of the country - AFP

Nigeria's crude-oil grant to SA surprises officials

MD 18/8/99 (aab)

Observers say 'unsolicited gift' could be bid to improve relations

Kingsley Kubejinje and Tim Cohen

THE Nigerian government has announced government officials by granting SA the right for the first time to market 55,000 barrels a day of Nigerian crude oil.

The right to "lift" or act as a sales agent granted to SA comes as part of a larger reallocation of marketing contracts by President Olusegun Obasanjo's new Nigerian government which was attempting to stamp out the corruption plaguing the oil industry.

Jackson Gaus-Obaseki MD of the Nigerian National Petroleum Corporation began the shake up on Friday announcing the cancellation of 41 contracts to lift Nigerian crude.

This was followed by the announcement this week of 16 new marketers.

Gaus-Obaseki announced that apart from SA the National Oil Corporation of Kenya and Ghana National Oil Corporation and 13 other companies would have a year's contract to lift a total of 865,000

barrels of Nigeria's crude daily. This amount is just less than half Nigeria's daily production. The other half will be sold by the large oil companies operating in Nigeria which typically have 50-50 joint venture partnerships with the Nigerian government agency.

Other companies granted marketing rights are well-known names in the industry including Glencore International of Switzerland (90,000 barrels a day), Total of France (50,000), Yokokuto Petroleum of Japan (100,000) and North Atlantic Refinery of Canada (50,000). Switzerland's Marc Rich was not renewed.

SA tops the list of government-to-government deals. Kenya and Ghana were each given an allocation of 30,000 barrels a day.

However, an SA government spokesman expressed surprise at the announcement saying that SA was not involved in tendering for the allocation.

Chief director of liquid fuels at the minerals and energy department Rod Crompton said he had no

knowledge of such a marketing contract. A spokesman for the foreign affairs department said the department could not confirm that the government or any of its agencies had been granted anything.

Industry representatives said the right to market the oil could constitute a political statement by the Nigerian government aimed at improving relations with SA.

Whether the contract would be lucrative depended very much on its terms. Industry sources said according to the Nigerian National Petroleum Corporation new guidelines are to be introduced which require marketers to show a commitment to Nigerian development.

The lifters are required to invest heavily in the restive oil communities in Nigeria's troubled Niger delta.

Nigeria is the world's sixth-largest producer of crude oil and Africa's largest. About 90% of its foreign exchange is derived from crude oil.

Commissions cut Page 13
Rocky industry Page 15

Nigeria cuts out middlemen

(aab) MD 18/8/99

LONDON → Nigeria has taken a step towards cleaning up corruption from international oil sales by eliminating commission payments from new export deals, contract holders said yesterday.

Nigerian National Petroleum Corporation (NNPC) MD Jackson Gaus-Obaseki on Monday announced 16 contracts to replace the 41 approved under previous military governments.

Contract holders said most of the same established international trading houses had retained their hold over the lion's share of exports but that they no longer were required to pay commissions to Nigerian middlemen.

Six of the so-called "magnificent seven" trading houses which previously dominated exports had maintained a significant presence but Switzerland's Marc Rich had missed out entirely, they said.

Although some contracts would be operated by the trading houses rather than the named contract holders, only small fees were payable traders said.

NNPC will be able to sell its oil at full value instead of shedding 15c a barrel to front companies, said one contract winner. "There are fees involved for the small African contracts but they involve only a couple of cents a barrel."

Under successive military governments the award of contracts to intermediaries who sold the rights on to traders was a notorious route for spreading political patronage. The deals are being applauded by the international oil community as a victory for Obaseki.

Maintaining its leading role among the list of exporters is London-based Arcadia Petroleum with 200,000 barrels a day.

Second comes Swiss-based trader Vitol which has direct contracts for 110,000 barrels. Third-largest exporter is Swiss trader Glencore International with a direct contract for 90,000 barrels.

Swiss Adx has 90,000 barrels and London-based Attock Oil Services and Trafigura both have 60,000. France's Total has 50,000 barrels. NNPC affiliate Duke Oil has 20,000 barrels which it will handle on its own account.

SA has a 55,000 barrels per day contract likely to be handled by a trading house. Arcadia is believed to be the leading candidate.

Dealers said that while only one contract, with Total, was established directly with European or US refiners, NNPC was likely to consider such deals in the future.

"First they wanted to end commissions and show refiners what was possible without middlemen," said one trader.

The new contracts total 865,000 barrels and come into effect in October, representing NNPC's 55% joint venture share of Nigerian oil production.

Meanwhile, Chevron has been named project manager for a West African energy project, rescuing a plan that hit last-minute snags.

The San Francisco company will lead a consortium of six energy companies to develop the West Africa Gas Pipeline, which is expected to cost about \$400m.

The project had a setback last week when the NNPC wanted to be appointed project manager.

— Reuter Dow Jones

Texaco shuts down oil production in Nigeria

(aab) MD 18/8/99

Lagos — US oil group Texaco shut down its oil production operations in southern Nigeria because of community unrest, losing production of about 65,000 barrels a day, a company official said yesterday.

Production reduced from 65,000 to 50,000 earlier this month was shut down at the end of last week.

"We are holding talks with local officials and community leaders to restart operations," the official said. "With the persistent shutting of wells and disruption we have decided it was better to shut down totally."

Texaco is one of six major western multinationals operating in Nigeria, most of which have experienced production problems caused by unrest in recent months.

Oil company chiefs met last week to review security in the oil production region and steps to assist economic development in the area. — Sapa-AFP

Nigeria to cut army, peace role

LAGOS Nigeria plans to cut its armed forces by over a third to 50,000 from 80,000, which would affect the country's regional peace-keeping role, Defence Minister Theophilus Danjuma has said.

He said the cutback over the next four years was aimed at saving money.

The army would be reduced to 30,000 Danjuma said, while the navy and air force would each have 10,000 personnel.

"They will do a better job, while expenditure will be minimized."

Major cuts have been expected since 15 years of military rule came to an end on May 29, when elected President Olusegun Obasanjo, a former military ruler, took office with a promise to bring the politicized armed forces to heel.

Within a month of taking the helm, Obasanjo sacked 150 officers who had held political jobs under previous military regimes.

Reforming the military, which has ruled for all but 10 years since independence, is a sensitive task because of the perpetual risk that it might retaliate.

Nigerian troops form the backbone of the 15,000-strong Ecomog peacekeeping force in Sierra Leone, and Obasanjo has made no secret of his intention to withdraw them as soon as possible after rival factions in that country signed a peace deal last month.

"It is not in our long-term interest because of its enormous cost to our national economy," Danjuma said. — Reuter

Nigerian furniture makers smell rich pickings

Allocation to refurbish new legislators houses threatens credibility of national assembly, writes William Wallis of the Financial Times

THE fate of Nigerian furniture makers who flocked to parliament last week with an impromptu exhibition of sofas and chairs hangs on a continuing debate how much the nation's new democratically elected legislators will have to spend on their new homes.

If government proposals are adopted 90 senators will have the equivalent of \$35,000 each to spend on furniture. The 379 members of the lower house can also afford to be choosy with \$25,000 allowances each.

Outside the furniture trade the allocation of more than \$12m for the refurbishment of legislators' houses at a time of national economic crisis and widespread poverty has provoked outrage. It is threatening the credibility of Nigeria's first functional assembly in more than 15 years inaugurated last May when the military handed over power to an elected president Olusegun Obasanjo.

Smelling fortunes in furniture makers flocked to Abuja the fed-

eral capital last week. They carted samples of their work into the new parliament.

"Aside from the legislators there are new ministries that have been created. There are foreign investors coming in. All these people have offices to furnish," says Chief Nmoh Angus, the director of Anon furniture from the midst of an ocean of reproduction Regency sofas.

His company has more than 200 workers uses mainly Nigerian materials and thanks to the construction boom in the federal capital has been netting a yearly profit of several hundred thousand dollars.

It has another competitive advantage — experience. "We have already furnished the legislators' houses once before but the military has made away with those furnishings."

He is hoping the controversy over the allowance will encourage bulk and favour mass producers like himself.

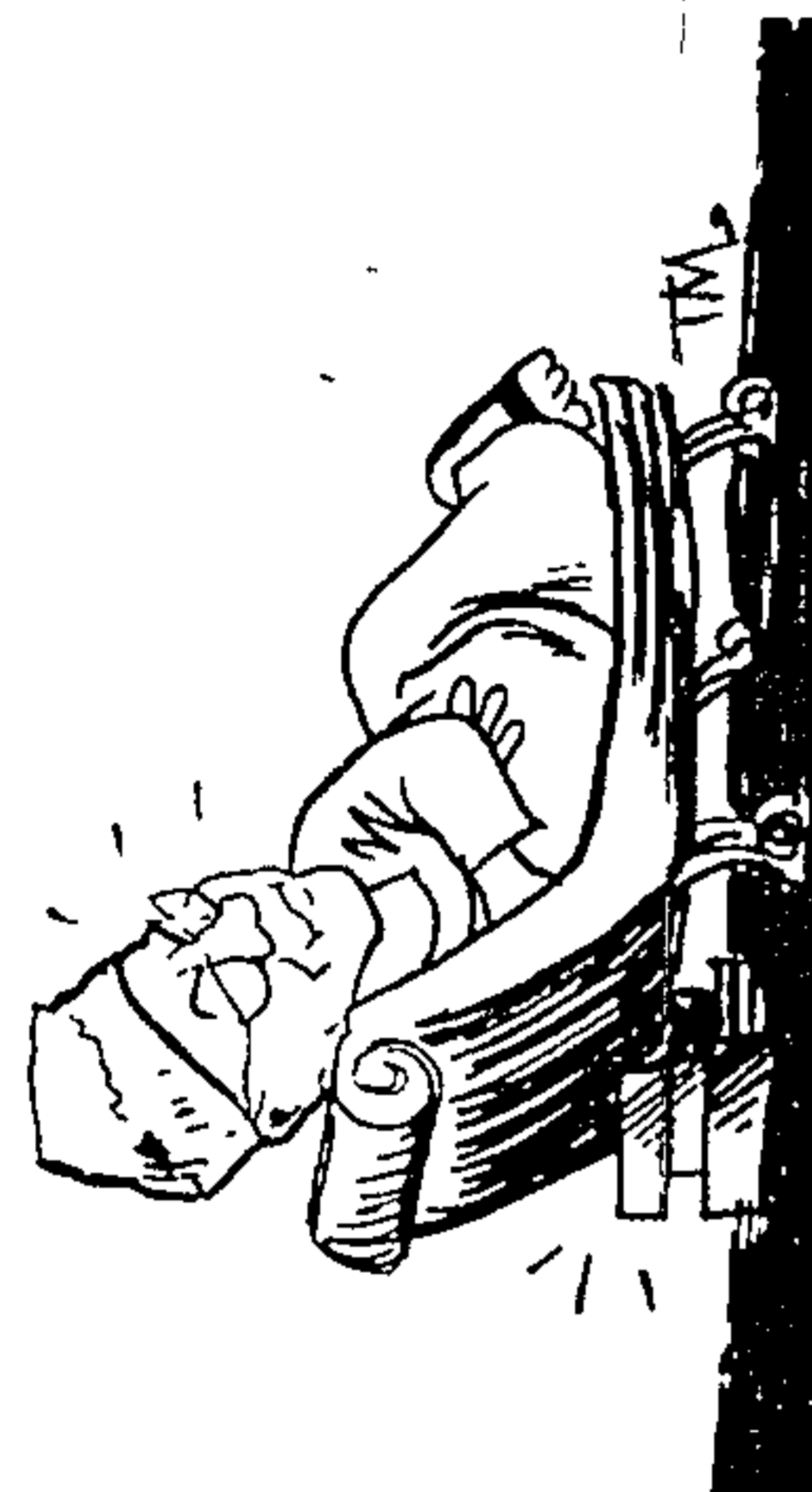
Most of those exhibiting at parliament last week, he believes, were opportunists who had been in the furniture business for no more than a day.

"If the legislators are given the allowance individually who's to say they will spend it on furniture anyway?" he asks.

At about \$1,500 for a velvet sofa set, Anon's prices are comparatively reasonable.

In a new city built with billions of dollars from the oil industry where fortunes have been embedded and government projects consistently over-invoiced pricing in any case has little relation to national reality.

The worry is that the national assembly has itself lost sight of reality. "Should a furniture allowance



How comfortable will Nigeria's new state furniture be for Obasanjo? Graphic: MATTHYS MOSS

be made payable to parliamentarians, the trade unions will consider all appeals for sacrifice and belt-tightening as mere hypocrisy."

Adamu Oshimole, the leader of the National Labour Congress said at a 2,000-strong demonstration outside parliament last week.

With many of Nigeria's 36 states saying they cannot afford a minimum civil service wage equivalent to \$30 a month, Oshimole says the allowance is "provocative."

In defending the allowance senators say it was meant as a cost-cutting measure to redress yet another legacy of military misrule — Obasanjo's government inherited a contract to furnish each senator's house for \$110,000.

"We said they should reduce the amount and let us buy the furniture ourselves to save the money that was going to be spent on kick-backs," one senator said.

There are also those who argue that unless the parliamentarians are afforded a reasonable lifestyle by the state the assembly will be continually open to corruption.

Nigeria seeks loan facility from IMF

CT (22) 19/8/99 (226)

TOPE OLORI

Lagos - Nigeria would negotiate a stand by loan facility with the International Monetary Fund (IMF) to support the government's economic stabilisation and reform programme a source said on Tuesday.

A report by the semi-government owned New Nigerian newspaper quoted a senior source at the presidency in Abuja as saying that President Olusegun Obasanjo had agreed to negotiate the loan facility at a meeting over the week end with Bill Richardson, the visiting US secretary of state for energy.

If taken, it would be the first time Nigeria would draw on an IMF facility since the 1986 rejection of such a loan by Nigerians, who were asked to debate whether or not the country should take a loan of \$1.8 billion from the IMF stand by credit.

The debate, initiated by Ibrahim Babangida, the former head of state, was overwhelmingly rejected because of its harsh conditions but Babangida went ahead to put in place almost all the conditions demanded by the IMF for such a loan.

These include belt tightening measures the structural adjustment programme and devaluation of the country's currency.

Richardson told journalists at the end of his meeting with Obasanjo on Saturday that the Nigerian leader wanted a stand by agreement to be worked out with the IMF - Independent Foreign Service

Nigeria unveils export incentives

Kingsley Kubeyinje 0019/8/99 (226)

LAGOS — The Nigerian government has introduced new incentives for local manufacturers of products designated for export in a move to boost non-oil exports and to diversify the revenue base.

Nigeria, the world's six largest producer of crude, earns about 90% of its foreign exchange from oil.

Jubril Martins-Kuye, Nigeria's junior finance minister said the government had packaged the incentives under what it termed the New Manufacture-In-Bond Scheme.

Although the full details are yet to be released the minister said the scheme will include a duty drawback scheme, an export expansion grant scheme and an export development scheme.

Under the scheme, Nigerian exporters will be able to import raw materials duty free but such exports will have to be supported by a performance bond issued by a recognised bank or insurance firm.

Martins-Kuye said manufacturers of export goods would be automatically refunded 60% of import duties and charges.

The minister said the New Manufacture-In-Bond Scheme was designed to provide funds for export development activities.

The government is determined to reduce its dependence on oil by boosting industrial capacity and by harnessing the nation's solid mineral potentials for which it has created a separate ministry.

Nigerian manufacturers have raised the alarm over what they describe as the "worsening state of manufacturing industries" and the "increasing number of companies closing shop" on account of the unfavourable operating environment.

In its latest report the Manufacturers Association of Nigeria says a number of government policies have been unfair to its members, while the energy crisis especially the erratic power supply has worsened the plight of the companies which "manage" to survive.

"An even more chilly picture is painted by rising levels of inventory build-up and decreasing manufacturing employment" according to the association's report last December.

Nigeria, Russia try to revive project

Kingsley Kubeyinje

(226) BS 24/8/99

LAGOS — Nigeria and Russia are holding talks in the Nigerian capital, Abuja, designed to revive the stalled multibillion-dollar Ajaokuta steel project

Work on the 240km² complex, designed to be the biggest on the continent, started in 1972 and about \$20bn has already been sunk into it

The project has been at the centre of repeated corruption scandals which involved missing funds pocketed by government officials. It has also become a national embarrassment because many deadlines for completion have come and gone despite annual budgetary allocations involving millions of dollars.

The project was inherited by eight successive administrations and its funds were often siphoned off by corrupt state officials. Investigators found these funds were deposited into private and foreign accounts.

Bashir Dalhatu, the power and steel minister under the discredited regime of the late Gen Sani Abacha, admitted recently he had received \$5m as a "gift" from Abacha for arranging a \$2.5bn debt buy-back on the project with a Russian vendor. The buy-back deal has since been cancelled by the government. Now Nigeria and Russia are working on plans for the resumption of work on the project.

Nigeria's Minister of Power and Steel, Bola Ige, says "The federal government is conscious of the fact that steel is the backbone of industrial development and will not relent in its effort to ensure the completion and full take-off of the steel project."

Ige also says government is confident of the Russians' ability to complete the complex.

NIGERIA Welcome break for Shell after months of instability and production woes at export terminal

Tribesmen agree to allow oil to flow again

(226) ET(BR) 25/8/99

MATTHEW TOSTEVIN

Lagos - Nigerian ethnic Ijaw groups had agreed to reopen seven oil flow stations in the troubled region near Warri shut since last year's political protests, Royal Dutch/Shell, the international oil group, said yesterday.

"They have agreed to allow us to reopen the flow stations after a meeting with the state authorities and Shell officials. It is very good news for us," a Shell spokesman said.

Industry sources estimate the output of the seven flow stations feeding into the Forcados export terminal at about 150 000 barrels of crude a day - about one-fifth of Shell's recent output from Nigeria.

The agreement to reopen the flow stations follows lengthy talks between rival ethnic groups brokered by James Ibori, the governor of the

Lagos - Nigeria had asked the European Union (EU) to help it secure debt relief from its creditors, the Guardian newspaper reported yesterday.

The country owes about \$30 billion in foreign debts, mainly to Paris Club members.

Dubem Onyia, the deputy foreign minister, on Monday told a visiting EU delegation in Abuja,

Delta state, after scores of people died in fighting near Warri days after the end of military rule in May.

It comes as a welcome break for Shell after months of growing instability in the Niger Delta have plagued oil production.

"Obviously it is not a matter of

ness was also a threat to democracy, which "cannot thrive in the prevailing economic environment".

Veli Ollikainen, the EU delegation leader, expressed satisfaction with economic reforms in Nigeria and promised to liaise with the World Bank, the International Monetary Fund and other financial institutions to assist the country - Sapa-AFP

New government asks EU to help secure relief for foreign debt

local people "This issue has to be resolved so that we can encourage investment into the region. There is so much potential here," Ibori said.

Clashes that erupted over the relocation were a catalyst for much wider trouble in the Niger Delta, where dominant ethnic Ijaws say they have been marginalised by oil firms and the state.

It is not yet clear how Itsekuris will react to the relocation of the local government headquarters, about which they are known to be concerned.

The Forcados Terminal has recently been producing barely 300 000 barrels a day compared with the 400 000 to 450 000 barrels it could be producing in line with the limits on production imposed by Opec to boost world prices - Reuters

local government headquarters in Warri, which had been moved to an ethnic Itsekiri district by Sani Abacha's military regime in 1997.

The site of the local government headquarters is important because it is a source of money and jobs for

bringing things back on overnight when installations have been shut for so long, but since we can now return to the waterways we will move as quickly as we can," a Shell official in Warri said.

Officials said it had been agreed in principle that the controversial

Nigeria's capital, that the new government under President Olusegun Obasanjo would not be able to execute its economic programmes under mounting foreign debts, the report said.

"With the country's debt profile, no meaningful economic development can take place," Onyia said.

He said the country's indebted-

bringing things back on overnight when installations have been shut for so long, but since we can now return to the waterways we will move as quickly as we can," a Shell official in Warri said.

Officials said it had been agreed in principle that the controversial

Nujoma lifts Caprivi Strip state of emergency

Christof Maletsky

WINDHOEK — The state of emergency in the Caprivi Strip was expected to be lifted after midnight last night after President Sam Nujoma said the situation had stabilised.

However, tribal leaders in the area apparently fear another attack by secessionist rebels who were in-

volved in a battle with government forces last month.

Namibian Defence Force chief of staff Maj-Gen Martin Shalli rejected calls for a commission of inquiry to probe human rights abuses by Namibian security forces during the emergency.

About 40 detainees held without trial under the state of emergency ap-

peared in court at Grootfontein on Tuesday. On Monday a further 67 detainees were charged on counts that include high treason, murder, public violence and sedition.

They were also refused bail. Shalli said former MP Geoffrey Mwilima, alleged to have been badly beaten by security forces, was "expected to appear in court soon."

(226) PD 26/8/99

Nigeria says it will spurn undemocratic states

Kingsley Kubeyinje

LAGOS — The Nigerian government has issued a warning to countries prone to coups declaring it will not have trade relations with undemocratic nations.

Nigeria's junior Minister for Foreign Affairs, Dubem Onyia, said in Abuja this week that doing business with non-democratic states was "immoral".

Nigeria's ability to stick to its declared intention — and most especially to control Nigerian traders — remains to be seen. The statement, however, is broadly in line with the stance the new government took at the Organisation of African Unity summit in Algiers nearly two months ago.

The summit accepted Nigerian President Olusegun Obasanjo's proposal that representatives of military regimes not be allowed to sit on OAU bodies from next year. The directive is expected to take ef-

Minister's warning could affect trading partnerships with several countries

(226) 80 1/9/99

fect from the next OAU conference in Niger, Rwanda, Burundi, Brazzaville-Congo and the Democratic Republic of Congo are the African countries relatively near Nigeria which do not have democratically elected leaders.

The minister did not supply the names of undemocratic states Nigeria would not do business with.

However, neighbouring Niger relies heavily on Nigeria for trade, although Nigeria appears not to have diplomatic or trading relations with Rwanda. Nigeria also indicated recently that it was not prepared to aid Rwanda because this would signal that it found military rule acceptable.

Burundi is a trading partner and Nigeria's exports to Burundi in 1995 stood at an official \$86 000. The Democratic Republic

of Congo would also present Nigeria with a dilemma. Nigeria has trade relations with Congo, but the new government has shown no desire to get involved in the internal political crisis there.

Nigeria is Africa's largest producer of crude oil and the world's sixth biggest. Iraq and North Korea were two countries which curried Nigeria's favour during the rule of the late Gen Sani Abacha, enjoying close diplomatic and trade contacts. Western nations kept their distance from Nigeria's then military government, which meant Iraq and North Korean firms enjoyed unlimited access to top Nigerian officials and entrenched business links.

China also made considerable headway during the Abacha era and the Chinese Civil Engineering and Construction Corpora-

tion won the railway rehabilitation contract worth \$528m.

Onyia, who was meeting an envoy of the head of state of the Union of Myanmar (formerly Burma) this week, also used the opportunity to call on Myanmar's military rulers to restore democracy as soon as possible. Onyia said it was unfortunate that the country had not exploited the international tide of democratisation.

"It is unfortunate that while other countries are embracing democracy, Myanmar has remained under military dictatorship." The envoy, Maung Win, was in Nigeria to deliver a message to Obasanjo calling for the "strengthening" of relations between both countries, in the spirit of south-south co-operation.

Win said the situation in his country

had improved. "There is now stability in Myanmar. The country is also developing economically in spite of internal crisis."

Under Abacha, Nigeria became a pariah state and its allies in the west cast it aside for its unhumanitarian policies and its reluctance to revert to democracy.

International donor agencies also dumped it and withheld assistance.

Nigeria, under Abacha, searched for new allies in the now defunct eastern bloc, with North Korea and China topping the list. Both countries won handsome contracts in Nigeria under Abacha's rule.

After a difficult 17-day trip to the two countries several years ago, a flustered Gen Abulsalam Abubakar, then chief of defence staff said "Our friends in the west have decided to abandon us, so we might as well look elsewhere for friends. Nigeria is ready to make friends with those who

are ready to make friends with us."

Nigeria tracks Indian rail systems

ND 6/9/99 (2ab)

Kingsley Kubeyinje

LAGOS — An Indian rail engineering company is expected to resume managing Nigeria's embattled railways system from January, about 20 years after it completed its first contract with the country.

Government officials say Rites of India, which is likely to be mandated to turn around Nigerian Railways Corporation, will replace the Chinese Civil Engineering and Construction Corporation which was contracted by the regime of the late Gen Sami Abacha in 1995 to restructure it. At the time the Chinese firm was to provide Nigerian railways with modern equipment, including wagons and engines.

A top source at the federal

transport ministry suggests that the Chinese firm, which won a \$528m contract to modernise the rail system, has been directed to wind up its activities before December 31.

The Chinese corporation has so far supplied the Nigerian Railways Corporation with 50 locomotive engines, 400 wagons and 20 cars.

The source said that the government was negotiating with Rites, which managed Nigerian railways between 1978 and 1980, because its performance during those two years was "impressive".

Rites will be expected to run the trains, continue repairs to lines, build new ones, train workers, import locomotives and administer the cash-strapped corporation

Nigerian railways, one of Nigeria's oldest parastatals, has been dependent on government handouts to pay staff salaries and the pensions of tens of thousands of retired workers.

But for Abacha's death last year, the Chinese would almost certainly have had their contract renewed. China was one of the few countries which was friendly with the Abacha regime.

Apart from its past performance, it is not clear why the government favours the Indians.

However, there has been persistent criticism of the service and equipment supplied by China. Nigerian railway workers complain of the incessant breakdowns of the engines they supplied.

REST OF AFRICA**Nigerian gas project gets off the ground**

(aab)

Bonny LNG said to be biggest industrial project on continent

BA 14 | a | aa

NIGERIA began producing liquefied natural gas at the weekend in an event marking the start of a project that was 30 years in the making and the realisation of a dream to harness flared gas and diversify exports from oil. "Production started around midnight on Saturday. We should be on schedule for exports in October," said an official of the \$3,8bn Bonny LNG plant — described as the biggest industrial project in Africa.

Bonny is due to begin exports with initial capacity from the first two trains of 7,15-billion cubic metres a year, increasing by 50% in 2002 when a third train expansion is due to come on stream.

The project was first proposed in the 1960s for the wind-buffed former slave port off the southeastern Atlantic coast, where project technical adviser Royal Dutch/Shell runs Nigeria's biggest oil export terminal.

Financing was held up until 1995 by a combination of political and technical difficulties and disputes between shareholders in the notoriously unstable west African country. While construction kept to schedule, concern about whether the plant would start on time was raised by community protests which delayed construction of Elf-Aquitaine gas supply facilities and also threatened Agip gas supplies.

First production was initially scheduled for August.

Impoverished communities in the restive Niger Delta are also seen as a potential long-term threat if the government is unable to satisfy their needs and improve security which has severely disrupted oil supplies during the past two years.

With gas reserves of at least 3,4-trillion cubic metres and ranked 10th in the world, Nigeria hopes it will eventually earn at least as much from gas as it does from oil exports of 2-million barrels a day.

President Olusegun Obasanjo, who tried to promote gas export projects during his last spell in office in the 1970s, said recently gas would be an increasing priority over oil and heavy penalties would be introduced for anyone flaring it.

About 70% of Nigerian gas produced alongside oil production is flared.

Gas reserves from new fields onshore and in Nigeria's new deep offshore oil province promise to allow eventual construction of five production trains at Bonny. Buyers of gas from the first two trains are Italy's Enel, Spain's Enagas, Botas of Turkey, Gaz de France and Portugal's Transgas. The biggest shareholder is state-run Nigerian National Petroleum with 49%. Shell holds 25,6%, Elf 15% and Agip 10,4%. — Reuter

Nigeria LNG produces first liquefied gas

ET (BR) 17/9/99
FROM SAPA-AFP

Lagos - Nigeria LNG, a multinational set up in 1989 to tap the country's massive gas natural reserves, had started production this week, Andrew Jamieson, the managing director, said yesterday.

He said LNG had produced the first liquefied natural gas on Wednesday - about 10 years after the project began.

"Some (liquefied natural gas) is now in the storage tanks. A great cheer went up - a great sense of achievement," Jamieson said.

Nigeria LNG, the largest liquefied natural gas project in Africa, is 49 percent owned by the state-run Nigerian National Petroleum Corporation (NNPC), 25.6 percent by Shell, the Anglo-Dutch oil group, 15 percent by Elf of France and 10.4 percent by Agip of Italy. It is one of the biggest such projects in the world.

LNG purchases natural gas from upstream oil producers, then freezes it into a liquid form that can be transported and then converted back into gas for domestic and industrial use.

The four shareholders have invested a total of \$3.8 billion in the project so far.

Work is under way on a third train, which is expected to cost up to \$1.8 billion. Each train will have a capacity to produce 3 million tons of liquefied natural gas a year. The third train will also have a liquefied petroleum gas facility - producing 1 million tons a year when it comes on stream at the end of 2002.

Jamieson said Nigeria had "absolutely massive" proven gas reserves, which remained almost untapped so far by the world's seventh largest producer of crude oil.

There has been relatively little local criticism of LNG, which has taken care to emphasise the environmental and economic sides of the project.

"Nigeria benefits directly through the 49 percent shareholding of NNPC - a state-owned company - in the project, but also environmentally and in other ways," Jamieson said.

He said the project would also "diversify the base of the Nigerian economy", which is almost totally dependent on oil for foreign earnings.

Construction and operation jobs had already been created.

LNG has pre-sold output to Enel of Italy, Enagas of Spain, Botas of Turkey, Gaz de France and Transgas of Portugal under contracts lasting up to 22 years.

AGRICULTURE Nigeria hopes latest varieties will renew interest in the crop

Nigeria needs its young to cultivate cocoa

(226) ET (OK) 22/19/99

DUJIE MBACHU

Idanre, Nigeria - Akim Jimoh reckons he has probably spent 50 years growing cocoa in southwestern Nigeria and feels as tired as his trees.

"There's no point in replanting I'm getting too old and weak to work, and my children aren't interested either."

"I saw them all through school with what I earned from my cocoa farm. But when they leave school, they all want to move to the cities in search of work. No one wants to remain on the farm."

Jimoh's tale is a common one in a sector that decades ago was the world's second biggest producer of cocoa.

In the early 1970s Nigeria produced more than 300 000 tons a year. Then oil prices soared leaving Africa's most populous nation awash with new money and drawing farmers like a magnet to the cities in search of work.

Nigerians have so far shown little appetite for returning to the farms to realise their potential. Output for the 1988-89 October to September crop year is estimated at only 170 000 tons. That in turn is seen as high after crops of between 150 000 tons and 160 000 tons in the two previous seasons.

"Our people abandoned their cocoa farms for easier ways of making money," says researcher Babatunde Esan, bemoaning the lack of uptake for new varieties developed at



TIME OF THE PODS A farm worker breaks up cocoa in southwestern Nigeria

the Cocoa Research Institute of Nigeria

Some of the institute's varieties have the capacity to yield between 2 000kg and 3 500kg per hectare, against 350kg for the older kinds.

But there are few takers. About 300 000 to 400 000 hectares are under cultivation in the southern cocoa belt, mostly still using the old varieties.

The high yield trees in the

newer southeastern cocoa growing region around the town of Ikom have attracted more interest so far.

"Realising Nigeria's full cocoa potential will require a new younger breed of cocoa farmers," says Esan.

"What it will take is to make sure every school student in the country's cocoa belt plants a tree and nurtures it."

Our cocoa varieties take

three years to yield and as one student is leaving he will hand it over to another.

"In a few years you'll be talking of millions of new trees," he says.

A lot may depend on the agricultural policies adopted by President Olusegun Obasanjo who took office in May - after leaving the farm where he had retired after a spell as a military ruler in the 1970s. - Reuters

Nigeria seeks advisers to assist in state sell-off plan

ABUJA - The Nigerian government was seeking advisers on privatisation to help push through its promised major sell-off of state-run businesses, it said yesterday.

The government said in adverts that it was about to start a comprehensive programme of privatisation and commercialisation of many of its public enterprises.

To do this it required "the services of world class financial and technical advisers on such issues as financial restructuring, capital market flotation, enterprise restructuring, project finance and system design," it said.

Nigeria's civilian government took power at the end of May, and said it would follow through on the previous military government's plans to privatise the parastatals.

The first stage would be the sale of remaining government shares in publicly quoted companies, while the second would involve the sale of medium-sized government businesses and the third would consist of the sale of major enterprises.

The government said any advisers who could show they had applied to the previous government to advise on privatisation would not need to pay the registration fee necessary to take part in the imminent programme.

About 50 foreign companies were engaged by the last military administration to advise on privatisation. - Sapa-AFP

Strife flares in oil-rich delta

M+G 23-30/9/99 (226)

Violence is posing a threat to Nigeria's chief source of income **John Vidal** reports from Port Harcourt on the fight for the country's oil wealth

The Niger delta which provides more than 80% of Nigeria's income 8% of United States oil imports and 22 million tons of oil a year to the European Union faces a new crisis as violence flares and resentment mounts against Western oil companies which extract an estimated \$940-billion worth of oil a year from below the villages of some of the world's poorest people.

The oil companies, rights activists and environmental organisations report a rapidly disintegrating society plagued by summary executions, shoot outs, inter ethnic violence, pollution, riots, occupations of oil facilities and demonstrations.

The oil companies warn that unless the government acts quickly the industry will be hit hard. Some cam-

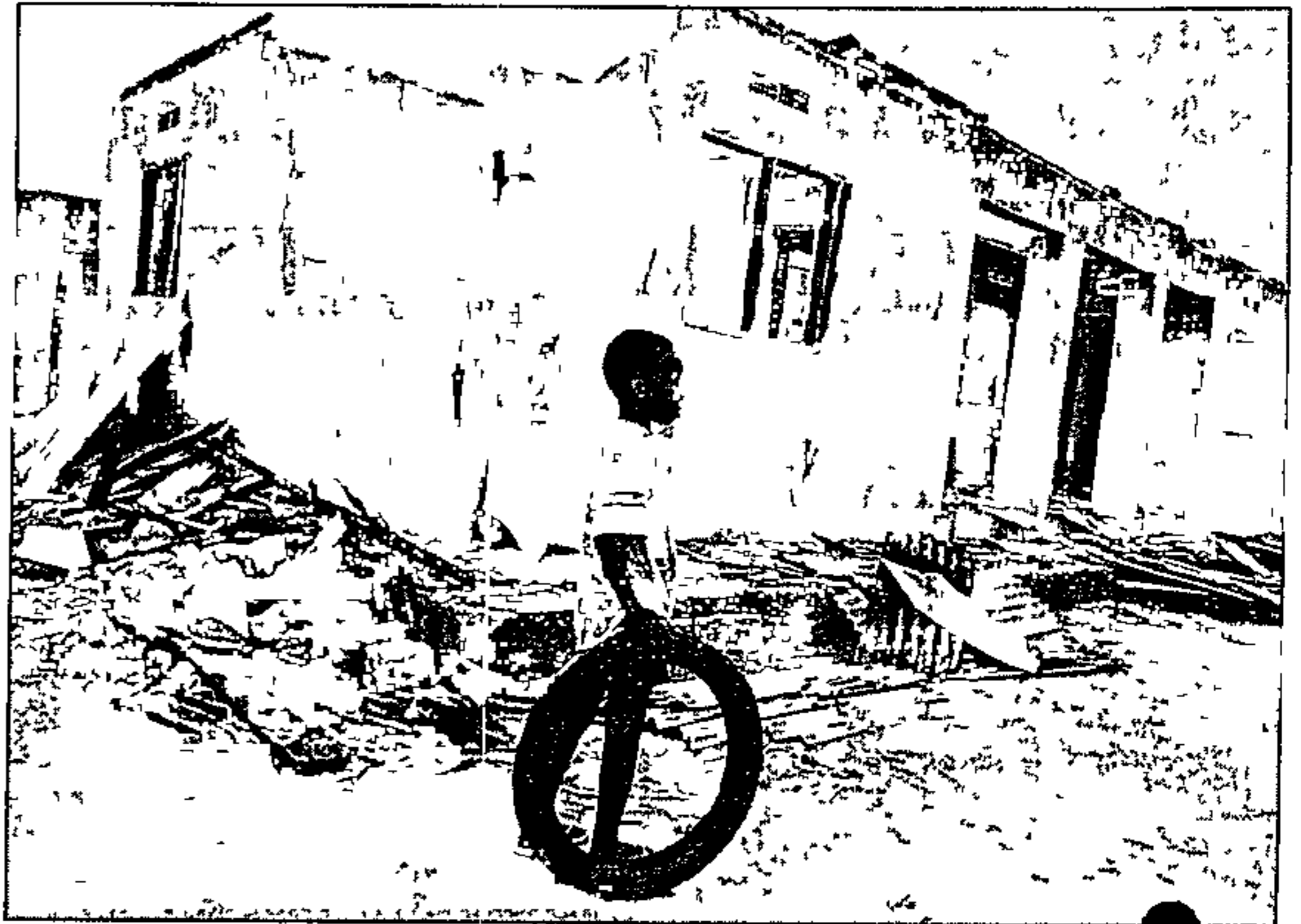
paigners warn that chaos in the delta could lead to the break up of Nigeria.

President Olusegun Obasanjo admits that the unfair distribution of oil wealth has led to 'grave injustice'. He is sending troops to control hot spots, but this is only exacerbating the tension: the armed forces are accused of human rights abuses and extortion.

Shell, by far the largest oil operator in the region, says the situation is tense and the company is "fire fighting in all directions".

"What is happening is alarming," says Bobo Brown, a senior executive of the company. "Social disintegration is taking place."

"Ken Saro-Wiwa and the Ogoni [the author hanged by the military regime in 1996 for opposing Shell, and his people] served a warning



In ruins A child plays near a house in Warri, destroyed in the Ijaw campaign against the oil industry

shot to the region and the rest of Nigeria. They were the tracer bullet ahead of a night of battle which is starting to take place now and is centred on environmental and human rights. The momentum is building." Travelling through the delta is a depressing and eerie experience in

devastated communities with next to no work and no access to electricity or hospitals the tension is palpable. Oil spills, due to either sabotage or neglect, are being reported at least twice a week and giant flares light the night sky as oil company helicopters fly overhead. In Yenagoa, the capital of Bayelsa state, the army patrols the streets as gangs of youths congregate.

The scale of the chaos is only now becoming clear. In the past year more than 200 people have been killed in oil related riots or in largely unreported clashes with the state police and the military. Shell says there have been 50 kidnappings of its workers in the past six months, and its operations are disrupted at least once a day.

In the same period 150 Shell installations, depots and pumping stations have been occupied, closed down or halted, mostly by youth movements demanding aid, compensation for oil spills or work.

Chevron, Mobil, Texaco and Agip are less affected by the civil commotion because they work mainly offshore, but they admit there has been an escalation of kidnappings and disruptions.

Much of the trouble centres on the 11 million Ijaw, the largest ethnic group in the region. Inspired by the Ogoni, its youth groups are leading a non-violent struggle for the right to share their land's oil wealth. All the oil companies have been banned from operating in Ijaw territories. But several splinter groups have turned to extortion, hijacking, sabotage and kidnapping for private gain.

"Many live in the maze of creeks in the delta, armed with everything from guns to machetes and bows and arrows. Others are disaffected university graduates," says Azibaola Robert of the Human and Environmental Rescue Organisation.

After a lull this year when democracy was restored to Nigeria, the trouble is now spreading to all the minority ethnic groups in the delta. "The Ijaw, Itsekari, Ogba, Ikwerre, Urhobo and Andoni are now all opposed to the oil companies and demanding change," says Robert. "They have had enough of pollution, grinding poverty and promises. They see they have no tomorrow. They are entering a new stage in their struggle for self-determination."

Meanwhile, the police and the security services, who are working with the oil companies to clamp down on the youth groups, fear the

unrest will continue to grow. A Rivers state police document says that the police are preparing for a big conflict.

Calling rights activists and environmental and community groups the enemy. It says the safety of oil workers cannot be guaranteed.

State intelligence services, it says, report that Ijaw activists "intend to close down all oil installations and force all expatriate staff to leave and stop work at all flow stations." This is denied by the Ijaw youth council.

According to the report, an army brigade has been placed on red alert and more than 2,500 police have been mobilised to join the guards employed by the companies.

The oil companies and the campaigners agree that violence is growing. Last month 50 people from the Egbesu group based in Yenagoa were reported killed by the security services.

"It was genocide," said Isaac Osuoka of the youth council. "Nigerian soldiers are stripping, torturing and harassing innocent people. They have been rounding up people in the streets for identification. Those identified as Ijaw were then driven away in military trucks for summary execution."

Human Rights Watch claims that there is some evidence of companies accepting human rights abuses as a cost of doing business in Nigeria.

In January four people died when military forces used helicopters and other equipment belonging to Chevron to attack two communities in the western Niger delta after a peaceful occupation of an oil facility.

Several thousand people died at Warri last October when fire broke out after a pipeline was ruptured.

Earlier this year seven helicopter gunships were moved to the delta and 500 soldiers were sent to one community at the invitation of Mobil after youths seized a helicopter and 14 rifles. Elsewhere Chevron was forced to shut down part of its operation after an occupation.

"People eat, breathe and think poverty," says Anyakwee Nsirimovu of the Institute of Human Rights.

"There is now a great yearning for self-determination across the delta. People are not ready to lose the momentum. They are willing to the point of dying to continue their struggle. What happens here will determine whether Nigeria continues to exist or not."

SA, Nigeria to set up binational body

Claire Pickard-Cambridge

TALKS between two vice-presidential delegations in Abuja next week are set to lay the groundwork for an SA-Nigeria binational commission, thereby deepening trade links and building a framework for co-operation.

Diplomats say that a strong SA presence in the Nigerian capital is intended to signal Pretoria's support for Nigeria's democratic process.

The talks will take place on Monday and Tuesday, and the inaugural session is expected to focus on the working structures. It is proposed that the body,

to be known as SA-Nigeria binational commission on co-operation and development, will meet at least once a year at alternate venues in SA and Nigeria.

It will be co-chaired by SA Deputy President Jacob Zuma and Nigerian Vice-President Atiku Abubakar.

SA's delegation next week will include Trade and Industry Minister Alec Irwin and Deputy Foreign Minister Aziz Pahad.

Senior officials from ministries including communications, minerals and energy, and national planning will also attend next week.

The president's office says

that binational commission is expected to provide a framework for co-operative efforts to bring Africa into the mainstream of global political, social and economic developments.

Other objectives of the commission are:

- To provide for the governments and private sectors in both countries to consult each other on their economy and investment climate with a view to promoting trade and industry.
- To improve bilateral relations between the two in technology, education, health, culture, youth and sports; and
- To establish mechanisms for

putting the benefits of economic co-operation to the service of peace, stability, social integration and economic development in other parts of Africa.

It is expected that collaboration will be mainly in the areas of energy, manufacturing, agriculture and agriculturally-related ventures, mining and the development of the capital market.

The roles of the two private sectors are expected to be examined more closely in future.

It is proposed that the commission be grouped into clusters handling economic affairs, judicial and constitutional affairs, social affairs, and also political.

of implementation difficulties.

The new scheme will seek to raise public awareness of the importance of education, reduce the dropout rate through improved relevance and efficiency, and promote adult literacy.

The scheme will extend to junior secondary education, officials said. In the past few years school enrolment has been on the decline in Nigeria. Many boys in the east of the country quit school in preference for economic pursuits, while girls in the north may stay away for religious or cultural reasons.

Statistics show female enrolment ranges from 10% to 30% in some states, says Education Minister Tunde Adeniran.

According to 1996 figures, the primary school completion rate stood at 69% and adult literacy was 51%. — Sapa-AFP.



AGRICULTURE *Once a food exporter, the country now suffers from urbanisation and low yields*

Nigeria's subsistence farmers face struggle to survive

PETER CUNLIFFE-JONES

Ai-Inamu, Nigeria - Maria Aduku, a 65-year-old widow, bends low over her cassava plants to check for termites

She is trying a new natural mixture made of local neme leaves to fight the pests and it is working "small small", she says. The termites are still there but fewer than before

She is tired Her back is bad. She is "too old", she says, to keep on farming and struggling to put food in the mouths of the three young children she looks after, orphans of her late daughter.

Her grown-up children have left home to work in a nearby town and she cannot afford to hire any help, she says

In the past she was able to farm more than her family would eat, and sell the rest, but today she has to cut down her meals She is often unwell

In another compound in the little Idoma community of Ai-Inamu, in Benue state, her neighbour sits under a tree brewing palm wine

Like Maria, Martin Musa grows the local staple crops of yams, beans, cassava and maize, but he also grows cash crops of palm oil and palm kernel to pay his five children's school fees

Last week he hurt his back falling out of the palm tree and has not been able to work since

When his elder sons are at school, life "is difficult", he says



The new civilian government, in power since the end of May, has promised, like its predecessors, to reform the agricultural sector. But experts warn of the difficulties of any sweeping attempts at change in the area

Kevin Gager, one of the coordinators of a British-Nigerian project aimed at improving dialogue between farmers and state-employed agricultural outreach workers, admits that the problem of agriculture in Nigeria is very complex

The weather patterns and farming conditions vary greatly, meaning that what works in one area might not work in another area a little way down the road

For small-scale subsistence farmers like those in Ai-Inamu, crop yield is a key problem, as is the move of the young to the towns, which has left many elderly people without their traditional source of labour

The scarcity of social services makes life even harder. Maria has to walk 5km each way daily to collect drinking water, using up time when she could be on the farm

Wealthier farmers face other problems, including the lack of storage facilities and the mismanagement of state-run commodity boards

Sam Zango Daura, the new minister of agriculture, has yet to set out a policy for reform of the sector - AFP

The soil in the area has long been over farmed. Local people cannot afford good fertiliser. He cannot afford hired labour when his sons are away. And when he sells his palm oil and palm kernels, he cannot transport the

crop to market himself so he has to sell through a middle-man

"The middle-men buy it at a low price and sell it high. We make nothing," he says

"We need tractors to farm with, citrus trees, loans to help

us buy fertiliser, a grinding engine for the palm oil"

Seventy percent of Nigerians live by means of agriculture and in the 1960s the country was a exporter of food. Benue state was known as the "food basket

of the nation". But since then the population has grown and production has collapsed. Now Nigeria exports only cocoa, rubber and palm products on any significant scale and imports rice, maize and wheat

Nigeria cuts wait for visas

Kingsley Kubeyinjé

BD 12/10/99

(226)

LAGOS — The Nigerian government has directed its diplomatic missions abroad to issue visas to prospective investors within 24 hours on application, under a new visa regime designed to attract foreign investment into the country.

The government, in turn, is set to re-open trade offices in some yet-to-be-named nations in South and North America, Asia and Africa.

Nigeria is seeking large-scale foreign investment in more than 40 state-owned parastatals, some of which are billed to be privatised before the end of the year.

The government has classified some of the prospective foreign investors as "core investors" because they would be required to provide about 40% of the needed capital, as well as the requisite technology and expertise.

Foreign Affairs Minister Sule Lamido says the new 24-hour directive on visa issuance is in line with the government's efforts to eliminate bottlenecks

experienced by foreign investors. Many trade delegations and potential investors have complained of red tape and the "snail's pace" at which visa applications are processed at Nigerian missions abroad.

He called on foreign governments to reciprocate Nigeria's gesture when they issued visas to its citizens. Many Nigerians applying for visas were still treated in a demeaning manner. "Government intends to insist on a humane and better treatment given to Nigerian citizens residing outside the country."

He also asked Nigeria's "genuine" friends to demonstrate their friendship by cancelling its debts. Being forced to pay \$30bn in foreign debt would jeopardise the nascent democracy, he said.

The administration's priorities included achieving transparency in government dealings, accountability in public life and an anti-corruption campaign. He said the government was also set to abolish decrees and regulations hindering foreign investment flows.

ECONOMY *Lucky ones earn a dollar a day, while oil is expected to bring in \$10bn*

Nigeria faces herculean task tackling poverty

PETER CUNLIFF-JONES

Makurdi, Nigeria - In Nigeria, Africa's most populous country, one in two people live in absolute poverty, earning less than a dollar a day, deprived of access to the basics of food, water and shelter, aid officials say.

Nigeria, home to an estimated 108 million to 120 million people, is expected to earn about \$10 billion from oil sales in 1999. But average incomes have fallen from \$1 200 in 1982 to \$260 last year as economic mismanagement and population growth have eaten into living standards.

"The problems in Nigeria are just vast," says a British aid worker in Makurdi, a town in the central Middle Belt region. "There are a lot of people living on the edge. But the resources are here."

In a nationwide broadcast for Independence Day on October 1, Nigeria's new president, Olusegun Obasanjo, committed his government to attacking poverty. "Alleviating the poverty and suffering of our people is the fundamental objective of our administration," he said.



ET (MA) 13/10/99 (aab)

30 percent Employment is down.

On Monday Iyorchia Ayu, the industry minister, described the state of the industrial sector as "pathetic" and set a series of targets for the government to revitalize industry within its four-year term.

Vice-President Atiku Abubakar has been put in charge of a private-sector consultative committee and has pledged a programme of privatisation and liberalisation.

Sani Zango Daura, the agriculture minister, has promised - like many of his predecessors - to reform the agriculture sector on which more than 70 percent of the population depends.

In Washington, DC two weeks ago US President Bill Clinton said consideration of any country for a write-off of debts owed to the US would depend on successful poverty alleviation programmes.

For Simon Agbo, that would be defined by access to health care, water nearer than the current 5km hike, and an income of more than a dollar a day from his farm - AFP

hunts for animals in the woods around his home.

The poverty in Nigeria is not just concentrated in the rural areas but also in the slums that make up a major part of most cities - Lagos, the economic capital, Kano, Kaduna, Onitsha, Port Harcourt and Warri among them.

In the past 15 years, the country's macroeconomic performance has slumped. Industrial capacity utilisation slumped to

government," says 70-year-old Simon Agbo, a subsistence farmer in Ogbadibo, a small farming community south of Makurdi, capital of Benue state in the central Nigerian farming belt.

"It makes no difference to me. Here we have no light (electricity), we have no water. There is no road. We have no school. The government does nothing for us," said Agbo, who farms cassava, yam and beans and

On October 5 he promised to announce soon what he termed a "poverty eradication and rapid job generation programme".

Obasanjo took office in Nigeria on May 29, ending more than 15 years of military rule that coincided with the country's economic slide. The return to civilian rule has been widely applauded but the promises to tackle poverty have so far failed to deliver much.

"I heard we have a new

Nigerian debt a thorn in Germany's side

(226) CT (PR) 15/10/99

FROM SAPA-DPA

Lagos - The non-payment of a \$3.5 billion debt owed to Germany by Nigeria might stall German investments in the country, the leader of a trade mission to Nigeria said this week.

Carsten Nordmann, who heads a 10-man German delegation on the week-long trade mission, said Germany had followed positive developments in Nigeria - particularly since the restoration of democratic governance - with keen interest.

But he expressed reservations that the failure of past administrations in Nigeria to address the debt issue might make German investments difficult.

Nigeria returned to democratic rule on May 29, following 15 years of military rule.

Nordmann said "the debts,

which were incurred through export security granted by the German government and companies over a long period of time, have not been discussed nor settled". He said that even when the Nigerian government sent a trade delegation to Germany some time ago, the debt issue was ignored.

Even with the stable political environment in Nigeria, German investors would be cautious in investing there because unsettled debts would prevent them from enjoying export promotion securities from the German government.

"We have export promotion security and investment promotion guaranteed by the German government. With these debts, they would be careful in giving these securities to investors coming into Nigeria," he said.

Nordmann said his team would discuss the debt issue with the Nigerian government because it was not good for genuine bilateral trade relations for any nation to keep quiet and refuse to discuss debt problems.

He said "rather, we should discuss how it is going to be paid. Maybe 5 percent now, 5 percent later. Discussing the issue does not mean that someone wants to strangle the economy being rescued from total collapse."

He said it was not only the World Bank and the International Monetary Fund that knew about the re-emergence of the Nigerian economy, adding that "the German government too is aware and we want to help Nigeria. We know what it takes to rebuild a nation, given our own recent experiences."

Nordmann declined to give

details of sources of the debt, but he pointed out that the German government had been displeased by Nigeria's failure to pay the debt or discuss it.

He observed that German investments in Nigeria had been appropriate when compared with investment flows into other African countries.

He also expressed the hope that the Nigerian government would be able to maintain the present tempo of development in the country as regards improving infrastructure, privatization and cementing a stable political environment conducive to business.

Crude oil, cocoa and rubber remain the main Nigerian exports to Germany. Nigeria imports from Germany chemicals, machinery, electrical and electronic equipment.

Nigeria's oil and gas programme hits snags

bd 18/10/99 (2ab)

Key obstacles include funding and a lack of technical partners

Claire Pickard-Cambridge

CAPE TOWN — Nigeria's oil and gas indigenisation programme has been through trying times with 17 out of 38 concession holders failing to launch operations since the first licences were awarded in 1991.

In papers circulated at a management programme run by Global Pacific & Partners, Nigerian industry players said the Indigenisation Programme had shown some success. Key obstacles had been funding that was heightened by Nigeria's high-risk profile, a lack of technical partners and the absence of a legal and fiscal framework for the programme.

Sola Adepotun of the law firm Adepotun, Caxton-Martins & Agbor in Lagos, and Babatunde T Folarinwo, MD of Yinka Folarinwo Petroleum Company, say substantial oil production has been lost in this way, and the government is expected to open the upstream — exploration and production — sector to new foreign entrants.

They say indigenisation will need to be implemented constructively to achieve sustainable gains. So far about 15 indigenous inde-

pendents are either producing or close to production after securing the right technical partners.

Adepotun believes the programme's character will change under the new government to ensure it is not just a channel for political patronage. A new legal framework is expected to ensure screening is done to establish whether concessionaires have the technical expertise and funding.

Folarinwo says access to capital is particularly difficult in Nigeria, where the largest loan syndication and equity offering by banks is below \$20m about one-third of the amount needed to develop a typical offshore field. Not all players can even raise the \$1m signature bonus required for a state licence.

Even the African Development Bank, cannot sustain all the competing programmes, says Folarinwo.

While major international companies can rely on their home countries for support and the minimising of their exposure to local events (oil receipts are denominated in hard currency), independent investors do not have such backing.

Folarinwo also says most conces-

sions given to indigenous independents are either high risk or involve acreage rejected by majors.

However, he says there are prospects under the new government if steps are taken to level the playing field. New legal blueprints are expected to improve the situation and bring in the right foreign partners, and there are still unallocated blocks.

Adepotun warns that Nigeria's upstream future largely hinges on the government's ability to resolve the grievances of the neglected Niger-Delta communities.

"It is estimated Nigeria has lost about \$1bn this year due to disruption of oil operations through vandalism, hostage taking, threats to lives, the seizure of oil flow stations and others."

He says the Niger Delta Commission Bill proposes that half of the 13% of oil revenue due to a benefiting state shall go to the commission, with the other half accruing to the benefiting state. Oil companies would contribute 0.5% of their annual budgets to the commission, which will administer funds for social and economic development and environmental rehabilitation.

Civilian govt vows to protect entrepreneurs

Kingsley Kubeyinje

bd 18/10/99

LAGOS — The Nigerian government has identified 12 priority areas for foreign investment and pledged to protect entrepreneurs as well as pay compensation for losses.

This is the first time the five-month old civilian government has listed priority investment areas for foreign entrepreneurs and undertaken to guarantee their investments against loss.

The west African state recently came out of 15 years of military rule, during which its hitherto buoyant economy was plundered by successive military dictators.

Philip Asiodu, economics adviser to President Olusegun Obasanjo said on Tuesday that the total value of public funds siphoned to foreign private accounts by the late Gen Sani Abacha, his family members and his cronies, was \$5.5bn.

Industries Minister Iyorchia Ayu, who listed the priority investment areas while receiving a Japanese trade delegation, said they included foundry and forges, iron and steel, metal fabrication, machine tools, petrochemicals and rubber and plastics.

The others are pharmaceuticals, leather, textiles, building materials, glass, foods and food processing, beverages, cereals, fruits and vegetable oil.

Ayu said the law permitting foreign investors to remit their dividends would now be strictly enforced.

He said Nigeria was willing to do everything possible to encourage foreign investment.

Meanwhile, a group of visiting German investors has laid down conditions for continued investment in the Nigerian economy.

Worried by what they described as the poor investment climate in Nigeria, the Germans insisted on transparency, the rule of law, a functioning banking system and the privatisation of key public utilities.

Carsten Mordmann, leader of the German delegation, said that despite the new political dispensation in Nigeria, foreign investors were still very pessimistic about the country.

Although the Germans listed new conditions for investment, Germany in 1998 imported \$3.04bn worth of goods from Nigeria, while its exports to the west African country stood at \$60m. Nigeria's exports to Germany were mainly crude oil, cocoa and rubber, while it imported a variety of finished goods, including cars from the European Union country.

Nigerian fuel parastatal opens its murky books

FROM REUTERS (226)

CT (BR) 19/10/99

Lagos - Nigerian National Petroleum (NNP) said at the weekend it had invited the World Bank to audit its accounts, which had not been made public for years

An independent audit of NNP's notoriously murky books is viewed by foreign creditors as a key condition for debt relief for the heavily indebted west African nation

"The World Bank is coming to audit the NNP, to give a fresh start to our activities," said Jackson Gaus-Obaseki, the group managing director of NNP

He said the international lender would work with NNP personnel on the audit exercise

Under successive military

regimes NNP became a vehicle for massive state corruption, which President Olusegun Obasanjo has pledged to fight since taking office in May

Scams for siphoning funds into the accounts of some senior officials and their cronies involved everything from NNP's crude oil export allocation to its imports of fuel because of the failure of its refineries

Foreign creditors who could offer relief on Nigeria's debts of more than \$30 billion want a clear audit of NNP's accounts to ensure that loopholes for corruption are closed

An audit, which foundered, was a key part of an agreement between the last military regime and the International Monetary Fund

Nigeria keen to privatise power sector

Tanzanian mine attracts Canadians

(226)

FROM AFP

Abuja - The Nigerian government told the World Bank on Tuesday of its commitment to the total privatisation of the power sector within a short period, according to an official statement

Atiku Abubakar, the vice-president, had informed a World Bank delegation of President Olusegun Obasanjo's anxiety to initiate privatisation in the power sector

John Besant-Jones, the leader of the group, hoped the privatisation would succeed as it had done in many other countries, the statement said

Besant-Jones suggested that a privatisation monitoring agency be established. He expressed the readiness of the World Bank to organise awareness campaigns for Nigerians on privatising the energy sector

FROM AFP

Toronto - Canadian gold-mining company Barrick Gold, the world's second largest producer, announced on Tuesday plans to invest \$280 million in a new site in Tanzania

Production would begin in early 2001 at the Bulyanhulu mine, whose site was acquired by Barrick when it took over Vancouver-based Sutton Resources in March

"We see Bulyanhulu making a strong contribution to production, earnings and cash flow from the very start," said Randall Oliphant, the president of Barrick

The mine was expected to yield 400 000 ounces of gold at \$130 an ounce during its estimated 15 year life

Construction on the site was scheduled to begin before year-end with 700 workers, 90 percent of them Tanzanians

CT (BR) 21/10/99

REST OF AFRICA

Albright lauds new Nigerian democracy

BD 2/10/99 (22b)

ABUJA — US Secretary of State Madeleine Albright has lauded the restoration of democracy in Nigeria but said the transition from military rule will not be complete until repressive laws are repealed and civilian supremacy consolidated.

"These are long-term changes which will ensure that this time democracy has come to Nigeria to stay," Albright told representatives of a 14-nation West Africa economic organization, yesterday.

Calling the reinstatement of democracy in Nigeria this year an event of historic proportions, Albright compared it with the overthrow of repressive rule in her native Czechoslovakia a

decade ago and in SA in 1994. "Nigeria's success in meeting the challenge of democracy will be a welcome inspiration for all of Africa," she said.

However, she cautioned that the steps taken to date to restore democratic institutions are only a beginning.

"The steps still to come include the repeal of the last repressive laws the return of Nigeria's judiciary to its former role, and the consolidation of civilian control of the mil-

itary," Albright said.

Her speech yesterday was said to be the most important of her six-nation Africa tour.

It came after she told reporters that Nigeria's fledgling democratic government had promised close co-operation with the US in curbing drug trafficking, including the possible extradition of suspects wanted by American authorities.

Country still needs to repeal repressive laws and return judiciary to former renown

Albright, on the fourth leg of the tour, discussed the issue with Nigerian President Olusegun Obasanjo on Tuesday and said afterward that she expects to be able to announce "very specific progress" on the subject in the near future.

The US has asked Nigeria for the extradition of a number of drug trafficking suspects, but no names were mentioned during

the discussions a state department official said.

Albright expressed enthusiasm over the reinstatement of democracy in Africa's most populous nation.

"I never stopped hoping that during my time as secretary of state I would be able to visit a Nigeria whole and free," she said. "And here I am."

She also said she wants at

least a tripling of US assistance to Nigeria, which is at \$27m.

That would put the aid level in excess of \$80m, by far the largest in Africa.

The funds would be earmarked for health, education and democratic development, among other areas.

Albright was heading to the northern Nigeria city of Kano later yesterday for a visit of several

al, a private group that monitors corruption, has rated the country as one of the world's worst offenders.

Albright suggested that the situation has changed since Obasanjo was sworn in as president five months ago, pointing to praising him for his fight against corruption.

For years, Nigeria has been on a small state department list of countries deemed not to be co-operating with US counter-drug efforts, a status that can lead to economic sanctions.

Albright declined to predict whether Nigeria will be removed from that list in early 2000 when the next evaluation process is scheduled. —Sapa-AP

was ruled by a military dictator, Sami Abacha. Less than a year after his death, Obasanjo took office as the elected president.

Under Abacha, Nigeria gained notoriety as a major transit point for US-bound heroin, originating in Burma and other heroin source countries in Asia.

The Nigerian role enhanced the country's reputation as a headquarters for corrupt activities. Transparency International

Nigeria⁽²²⁶⁾ to launch exchange for minerals BD 22/10/99 Kingsley Kubeyinje

LAGOS — Nigeria is planning to launch a solid minerals exchange to streamline marketing in the subsector and to root out smuggling, says Godwin Daboh, director-general of the Solid Minerals Association of Nigeria.

He says smuggling is rife and that many solid minerals are being sold in a haphazard manner.

Tax evasion is also a serious problem in the sector and government is losing a great deal in the process, he says.

Solid minerals cover a wide range of products, including coal, gold, silver and other metals, but excluding oil.

Apart from the monthly auction conducted by the solid minerals association, he says the marketing of solid minerals is not being done in an organised manner. Several companies with mining licences do not have good channels through which to market their products.

He says the exchange will provide sellers and buyers with a forum to meet and bargain and that sellers will be free to hold on to their wares if they are sure they will get better prices in future.

The solid minerals exchange will compel all miners to declare their products as part of a bid to combat smuggling, but they will not be forced to sell them. The benefit will be that there will be an official record of all available stocks.

The proposed minerals exchange will provide information on the various solid minerals, such as their availability, the prices, and names of the interested buyers and sellers.

A memorandum of understanding which was signed between SA and Nigeria in Abuja recently is expected to provide the foundation on which the two nations will cooperate in developing Nigeria's solid minerals subsector.

Although details of the memorandum of understanding have not been made public yet, a source at the ministry of solid minerals development said it would spell out the incentives for SA investors.

Such incentives would include generous tax concessions and tax holidays, the ability to repatriate profit and capital, and a guarantee that assets will not be nationalised.

He says the memorandum will also spell out the "responsibilities" of investors — such as sharing of ideas and information on mining technology, bringing in "environmentally friendly equipment". A commitment to employ and train Nigerians in using this mining technology.

Training would be limited to a specific period

Appearances prove deceitful in sprawling industrial centre

BD 22/10/99

(226)

Michael Holman
and William Wallis

Financial Times

LAGOS — The slogan on the number plates of cars registered in Africa's biggest city read "Lagos — centre of excellence".

However, like the pre-election CV submitted by Bola Tinubu, the state's controversial and embattled governor it is not entirely accurate.

The capital of Nigeria's most populous state, home to the banking sector, site of the stock exchange and at the hub of an industrial sector that accounts for 60% of the country's manufacturing, is in near terminal decline. Traffic jams and power cuts, unreliable phones and potholed roads, soaring crime and erratic water supplies make life miserable for the 10-million residents of a city built for 2-million.

Rebuilding the ravaged infrastructure is a tall order but Tinubu saw himself as the man for the job of governor of Lagos State, with credentials to match Orso if it seemed.

Tinubu's CV, submitted to the electoral commission before gubernatorial elections at the start of the year, may not have taken such liberties with the actualité as the slogan on Lagosian number plates.

Some significant discrepan-

Discrepancies in Lagos governor's CV seen as unlikely to upset government

cies have emerged — in the process splitting Nigeria's civil rights movement and further straining relations between the country's two leading ethnic groups — the Hausa Fulani of the north and the Yoruba of the southwest. Perhaps, above all, the controversy has undermined the governor's plans to put the city to rights.

The credentials of Tinubu, who is a Yoruba, were first challenged about two months ago when a northern-based newspaper disclosed that the academic record he submitted was incorrect. He claimed to have completed his secondary education at a respected school in Ibadan and to have an economics degree from a prestigious US university. Neither assertion appeared to be true, although it seems he does have a degree from a US university.

The governor has acknowledged his CV was inaccurate, but said he submitted the forms in haste under pressure to meet the deadline for registration, and without access to the original certificates. He said they had been looted from his home while

he was in self-imposed exile as a leading critic of Sani Abacha, the military leader whose death last year opened the way for Nigeria's return to democracy.

It seemed it might blow over when the Lagos state assembly in which the governor's Alliance for Democracy party has a comfortable majority, voted to accept his explanation.

However, a prominent civil rights lawyer is not satisfied with this explanation and is pursuing the matter in the Lagos courts. This in turn has led to a split in the civil rights movement, one of the few — perhaps the only — good things to emerge from the Abacha era.

Meanwhile, the Lagos business community is dismayed, for the controversy is singularly ill-timed. After years of gloom, hopes for an economic recovery have been raised by the prospect of an International Monetary Fund agreement paving the way to debt rescheduling and new lending.

Part of such an agreement would be the privatisation of state-owned power and communications utilities which have

their headquarters in Lagos. And as the transformation of the city's international airport shows — things could be different if the private sector were allowed to play a greater role.

Ironically, Tinubu and a group of able state ministers were leading the way.

His state government had already taken a trailblazing step, recently reaching an agreement with the International Finance Corporation, the commercial arm of the World Bank, to prepare for the privatisation of the Lagos water system, the first such move in Africa.

It is also proving embarrassing for President Olusegun Obasanjo who has made honesty and transparency the hallmark of his administration. Although he is president he is powerless to intervene in the domestic affairs of the 36 states that make up Nigeria.

Unless there is evidence that the governor's inaccurate returns were an attempt to conceal a skeleton in his cupboard — nothing has been substantiated — Tinubu is unlikely to step down.

The result, say business leaders, could hardly be more damaging to the most important state in the federation after only four months of a four-year term.

Investment cuts government funding burden and reflects multinational's preference for offshore ventures

Shell to pump \$1bn into Nigerian field

ET(MR) 26/10/99 (226)

MATTHEW TOSTEVIN

Lagos - Royal Dutch/Shell had agreed to a \$1 billion development plan for its Nigerian offshore EA oilfield under an innovative financing scheme to cut the government's burden Shell said yesterday

The planned investment, by private shareholders in the joint venture operated by Shell would be the second part of the energy firm's five-year \$8.5 billion investment strategy to strengthen its long-term presence in Nigeria

EA is 90 km south of Nigeria's coast. It is due to come on stream in 2002 and produce up to 120,000 barrels of crude per day (bpd) - equivalent to as much as 15 percent of Shell's present output of 800,000 barrels

The acreage would be developed with no investment by the government, and the private joint venture partners bearing all of the upfront cost. A Shell statement quoted Phill Watts, the managing director, as saying:

The plan is the second to be flagged for an alternative funding scheme after Elf Aquitaine's similarly sized Amenam offshore development

The schemes are intended to lift the financial burden of state-run Nigerian National Petroleum Corporation, which is a majority shareholder in oil-producing joint ventures but has had trouble meeting financial commitments

So far President Olusegun Obasanjo's government has not yet publicly stated its



SILENT President Olusegun Obasanjo of Nigeria has not yet publicly stated his commitment to the funding schemes

commitment to the schemes, which were originally worked out under the military rulers who relinquished power in May

Shell already has large upstream exposure in Nigeria as the operator of the joint venture in which Elf and Italy's Agip are also shareholders, producing a bit less than half Nigeria's 1.9 million bpd

Aside from new developments Shell has proposed a \$2.5 billion investment plan for the joint venture in 2000, of which the government would be expected to pay its share

Shell's long-term investment strategy shifts a much larger component of its production to offshore waters and away from the politically volatile onshore

Multinationals 'propose budget of \$5bn for next year'

MATTHEW TOSTEVIN

Lagos - Multinationals operating Nigerian oil joint ventures would propose budgets of about \$5 billion for 2000 compared with the \$3.5 billion agreed by the government this year, industry sources said yesterday

They hoped President Olusegun Obasanjo would take the industry's request more seriously than military predecessors, who starved Nigeria's lifeblood industry of investment to maintain output and expand reserves

As the majority shareholder in the operations producing about 2 million barrels of crude a day, state-run Nigerian National Petroleum Corporation (NNPC) has to come up with most of the cash

The industry proposals forwarded to NNPC, which still have to be discussed with the finance ministry, mean the government would spend more than \$2.8 billion, compared with \$2 billion agreed this year

"So far the signs are

generally good," said an executive with one of the firms

"At the same time NNPC is telling people to expect some cuts and I think we may end up with a final figure of about \$2.5 billion from the government side for the industry as a whole," he said

Sources said Royal Dutch/Shell had set its budget for the joint venture it operates at \$2.5 billion, of which NNPC would be asked to meet 55 percent. The needs of US-based Mobil and Chevron make up more than \$2.2 billion of the request, with the remainder accounted for by Elf-Aquitaine, Agip and Texaco

Past military rulers consistently ignored requests for funding, which oil firms say is essential not only for Nigeria to meet its stated production capacity target of 3 million barrels a day by 2003 but to maintain output

Obasanjo's government has made efforts to at least meet monthly cash call commitments, but more than \$1 billion

remains in unpaid arrears from previous years

Some government officials argue in private that the crunch point for funding has not yet come, given that Nigeria actually had limited spare capacity because of Opec cuts, even taking community disruption of production into account

But Rilwanu Lukman, who is Obasanjo's energy adviser and is also Opec's secretary general, raised industry hopes at last week's annual Nigerian economic summit of increased funding and alternative schemes to reduce the state's burden

Shell yesterday said it had agreed to a \$1 billion investment for its offshore EA field under an alternative funding arrangement. Elf and Texaco have similar schemes

"This year has really been rock bottom for us," said a senior executive with one of the companies. "All we've been doing is keeping essential operations going. Next year must be better" - Reuters

venture agreement and which management hopes will be able to produce at least another 200,000 bpd

All the new oil field developments are designed to tie into the liquefied natural gas plant at Bonny in southeast Nigeria, which began operation last month with the first two of five possible production trains

"We have demonstrated our faith in the future of Nigeria and the development of the Niger Delta in particular," said Ron van den Berg, the managing director of Shell in Nigeria

"The way the project has been put together is an excellent example of how partners can create a win-win situation for all concerned," he said - Reuters

10 BUSINESS DAY Tuesday October 26 1999

RE

Shell will invest \$1bn in oil venture in Nigeria

RD 26/10/99 (226)

Costs will be borne by private partners, with no government investment

LAGOS - Royal Dutch/Shell said yesterday it had agreed on a \$1bn development plan for its Nigerian offshore EA oil field under an innovative financing scheme to cut the cash-strapped Nigerian government's burden

The planned investment, by private shareholders in the joint venture operated by Shell, would be the second part of the energy group's five-year \$8.5bn investment strategy to strengthen its long-term presence in Nigeria

EA is due to come on stream in 2002 and produce up to 120,000 barrels of crude a day - equivalent to 15% of Shell's output of 800,000 barrels a day (bpd) - from 90km south of Nigeria's coast. The acreage would be developed with no investment by government and private joint venture partners bearing all of the upfront cost," said Shell group MD Phill Watts

The plan is the second to be flagged for an alternative funding scheme after Elf Aquitaine's similarly sized Amenam

offshore development. The schemes are intended to lift the financial burden of state-run Nigerian National Petroleum Corporation, which is a majority shareholder in oil-producing joint ventures but has had trouble meeting financial commitments

So far President Olusegun Obasanjo's government has not yet publicly stated its commitment to schemes that were originally worked out under the military rulers who relinquished power in May

Shell already has large upstream exposure in Nigeria as the operator of the joint venture in which Elf and Italy's Agip are also shareholders, producing a bit less than half of Nigeria's 1.9-million barrels of crude a day

Aside from new developments, Shell has proposed a \$2.5bn investment plan for next year's joint venture, of which the government would be expected to pay its share

Shell's long-term investment strate-

gy shifts a much larger component of its production to offshore waters and away from the politically volatile onshore regions, where growing anarchy has made production increasingly difficult

Later this year Shell is due to make a final investment decision on the 350,000-bpd Bonga Field in deep offshore waters. Part of the long-term plan are K and H fields which lie like EA within shallow water blocks operated under the joint venture agreement which management hopes will be able to produce at least another 200,000 bpd

All the new oil field developments are designed to tie into the liquefied natural gas plant at Bonny in southeastern Nigeria, which began operation last month with the first two of five possible production trains

"We have demonstrated our faith in the future of Nigeria and the development of the Niger Delta in particular," said Shell's MD in Nigeria Ron van den Berg about EA - Reuters

Lagos given notice of a public sector strike

FROM AFP

Lagos - Nigeria's main trade union body issued a two-week notice on Tuesday of a public sector general strike if the government did not resolve the problems of striking teachers

Adams Oshiomhole, the head of the Nigeria Labour Congress, said public workers would embark on a nationwide strike on November 2 if the pay and conditions of teachers who were on strike since last month were not improved.

Thousands of primary school and university

teachers have been on strike to press for the payment of months of unpaid salaries, allowances and better service conditions

Oshiomhole said the government should resolve the strike to improve the standard of education in the country. He had written to President Olusegun Obasanjo, calling on him to end the stoppage

The union body was also in talks with the government over upgrading the public sector minimum monthly wage from 3 000 naira (R196)

Last month the unions demanded an increase to 20 000 naira

CT(BR) 21/10/99 (227)

NATURAL GAS Government offers package of benefits to investors

Sasol venture in line for Nigerian incentives

(276)

CT (76) 4/11/99

GODDY IKEH

Lagos - The proposed Sasol/Chevron joint venture project to exploit Nigerian gas is poised to benefit from new incentives offered by the new civilian government in Nigeria.

Nigerian Vice President Atiku Abubakar told the first annual workshop of the Nigerian Gas Association this week that the government was packaging a set of incentives for entrepreneurs wishing to invest in the development of Nigeria's gas sector.

The government's motivation is to check waste in the Nigerian gas sector through gas flaring.

Abubakar said in Abuja that the incentives would include approval of alternative funding for gas projects, a comprehensive energy policy and tax concessions.

The other incentives promised in the gas sector were a higher capital allowance, investment tax credits and lower royalty in comparison with oil as well as effective monitoring of oil companies to eliminate gas flaring in the country by 2008.

Abubakar said about 2 billion standard cubic feet of gas (an equivalent of 400 000 barrels of crude oil per day) was flared daily by oil producing companies.

The proposed Sasol/Chevron gas-to-liquid project is one of the projects billed to make use of Nigeria's abundant gas resources and curtail gas flaring in the country.

The \$600 million project is expected to use Sasol technology and to be sited close to Chevron's facilities in the Escravos in Nigeria's oil rich Niger Delta region.

Abubakar said the Nigerian government was committed to the execution of the \$450 million west African gas pipeline project because it was the desire of the government to use the product as a vehicle of regional economic integration and development.



country's foreign exchange sources" Nigeria began exporting LNG on October 9, a week later than its previous October 1 date because of a shutdown of the plant following disturbances caused by surrounding communities.

Lukman who served as Opec secretary-general before his appointment, expressed regret that the LNG project had been on the drawing board for more than a quarter of a century and stressed that the lapse underscored the fact that "a coherent energy policy for the country is overdue."

He said Nigeria would now place emphasis on the exploitation of gas not only to ensure diversification of its foreign exchange sources but also to forge better international economic relations.

"Appropriate pricing of gas in the country is however, imperative to make gas sell at commercial rates," he said.

According to Lukman, while for eign and indigenous investors in the gas industry would be given enough encouragement to exploit the nation's gas reserves which stood at between 124 trillion standard cubic feet and 130 trillion standard cubic feet, the government would ensure that the resource was optimally used for the benefit of the nation.

Jackson Gaus-Obaseki the group managing director of the NNPC said gas flaring had been the norm in Nigeria because penalties for wastage had been minimal.

He said it was time for the Nigerian government to improve on incentives to encourage gas gathering and utilisation in the country.

Lukman supported the proposal of allowing investors in the gas sector to develop alternative funding methods for the development of gas projects in the country - Independent Foreign Service

jectives in the oil and gas sectors could only be reached in an atmosphere conducive to peace and stability especially in the Niger Delta area. That realisation was behind government's desire for the "adequate development of the area"

Rilwanu Lukman, the special adviser to the Nigerian president on petroleum matters told the workshop that Nigeria would supply 8 percent of global demand for liquefied natural gas (LNG) from its plant sited in Bonny in the southeast.

Lukman said the shipment of LNG by Nigeria to buyers overseas was a sure road to the diversification of the

He urged members of the private sector not to leave the development of the gas sub-sector to large foreign investors alone.

They should be imaginative and investive enough to reap the benefits of investing in the sub-sector.

Abubakar painted a bright picture of the Nigerian energy sector because the government had mandated the state-run Nigerian National Petroleum Corporation (NNPC) to ensure that it increased oil reserves to 30 billion barrels by the year 2003 and increase oil production to 3 billion barrels per day.

According to him the country's ob-

Engen wants stake in Nigerian oil industry

GODDY IKEH

Lagos - Engen was willing to invest in Nigeria's oil industry, Pieter Van Wezel, the chief executive officer of Engen Petroleum South Africa, said at the weekend. Van Wezel, who led a South African team, comprising officials of Engen, on a visit of Nigeria, told officials of the Nigerian Investment Promotion Commission (NIPC) last week that Engen's objective would be to set up marketing operations in Nigeria.

The Engen boss said he "noted with satisfaction" the efforts of the state-run NIPC in marketing

the vast opportunities in the Nigerian oil industry to the international market. Without information on Nigeria, investors would be sceptical to invest in the oil-rich West African country, he said.

South Africa was among three African countries approved by the new civilian government in Nigeria to lift the country's crude oil on a government-to-government basis, when it cancelled the previous licences granted by the last military government.

Receiving the team, Alhaji Baba Gurbawu, the executive secretary of the NIPC, reminded the

team that prospective investors wishing to buy and sell Nigerian crude oil had to have a minimum annual turnover of \$100 million and net worth of not less than \$40 million.

Gurbawu said prospective investors in the Nigerian oil sector were expected to post a \$1 million performance bond through a major Nigerian bank, in addition to the regular crude oil contract provision.

The executive secretary, who was represented by Ezekiel Uche, the commission's director of registration and monitoring, told the South African team that success-

ful applicants for oil exploration had to show commitment to the development of the Nigerian economy by investing in any number of opportunities that abound in the oil industry.

As a precondition, he said, an oil investor in the sector had to demonstrate its readiness to develop the oil industry through allocation of adequate capital, equipment and manpower to the general business of prospecting, exploration and production of crude oil.

Explaining the role of the NIPC, he said the organisation was a one-stop agency for invest-

ment promotion in Nigeria and, enjoining foreign investors to avail themselves of the country's liberalised economy and invest in Africa's most populous country of more than 108 million people.

Apart from Engen's interest in Nigeria, the South African oil marketing company has extended its operations to Ghana, another West African country. It is not yet clear if the Ghanaian government is pushing ahead with its proposed privatisation of the country's refinery, but Engen has shown interest in buying a stake in the plant - Independent Foreign Service

Shake-up set to boost Nigeria's privatisation

By Kingsley Kubeyinje and Reuters
LAGOS — A shake-up in Nigeria's privatisation agency aims to invigorate the selling-off of loss-making state firms, thereby meeting a key condition for debt relief.

However, the agency has also rejected an offer from the World Bank to manage the day-to-day supervision of the privatisation exercise, and accused the bank of trying to "meddle" in its affairs.

A government official said yesterday the Bureau of Public Enterprises, which is to implement the privatisation programme, would see an increase in pace and greater co-operation with the transparency and accountability requirements of the World Bank.

On Monday, a past champion of economic reform, Nasir El-Rufai, was appointed as the new director-general of the bureau.

The privatisation of scores of ill-managed state firms is demanded by local businesses hamstrung by poor services and by creditors who could offer debt relief if oil-rich Nigeria stops subsidising loss-making companies.

In a new development the bureau says it has turned down a World Bank offer to take charge of the day-to-day supervision of the privatisation exercise.

A bureau deputy director, Alhasan Usman says the bureau rejected the bank's bid at a recent meeting and that it did so "in the interests of the nation and in order not to jeopardise the lofty objectives of the Nigerian government."

"Asking us to allow them (World Bank) to do it, simply means Nigerian's can't do the job," he said.

More than 40 ailing, loss-making firms are slated for privatisation in the next phase. Some are expected to be privatised by the end of the year.

The slated organisations include the telecoms company, Nitel, the electricity corporation, Nepa, banks, steel rolling mills, fertiliser plants, and oil firms.

Total assets of these firms have been put at more than \$100bn.

Usman said Nigerians were capable of handling the privatisation exercise because the bureau had fully privatised 88 firms in the first phase, while it has also successfully commercialised 25 other enterprises.

He accused the bank of wanting to meddle in the role of the bureau.

But progress on privatisation has been slow since President Obasanjo took office in May after 15 years of military rule, raising questions at home and abroad over his commitment to liberalisation.

While the sale of the government's stake in quoted firms is due by the end of the year there is still no

clear date for the more significant disposal of telecom companies power firms and oil refineries.

"We hope the bureau will be able to work out an implementation programme very soon that will increase the pace and bring things forward," said the official.

The new director of the privatisation agency was one of the architects of planned economic reform in the military government which stepped down for Obasanjo.

El-Rufai liaised with the International Monetary Fund on a staff monitored programme agreed in January to end a decade of sour relations.

Rapid privatisation was an important element of the deal, but few targets were met and the programme lapsed at the end of military rule.

The IMF is now holding out the carrot of a \$1bn standby loan and an agreement which could lead to talks with the Paris Club of creditors on rescheduling some of Nigeria's more than \$30bn debt.

The World Bank and the IMF have for a while predicated their financial assistance to the West African state on its government's willingness to sell off of its shares in all its public enterprises.

The two international loan institutions have insisted that the state corporations are ridden with corruption, inefficient and a drain on meagre state resources.

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No place for distressed banks next year, says central bank chief

Lagos to close down 25 finance institutions

By Kingsley Kubeyinje and Reuters
LAGOS — The Central Bank of Nigeria is preparing to liquidate 25 distressed financial institutions that had not yet met the government's requirement to raise their capital bases to 500 million naira (about \$32 million) from about 100 million naira, it said this week.

Joseph Sanusi, the central bank governor, said the affected banks would go under before the end of the year. The planned liquidations were in line with Nigeria's anti-corruption programme and the sanitisation of the country's banking industry, which recorded 26 bank failures last year.

Sanusi said in a central bank statement released at the weekend that the bank would "liquidate all the distressed banks by the end of December 1999 if they are not recapitalised and repositioned for the year 2000". He warned that the banking industry had no place for any distressed institution from January 2000.

The Nigerian government last year raised the minimum capital base of banks in the country from about 100 million naira to 500 million naira.

Banks that could not raise their capital to that sum have already been liquidated unless they were given an extended time frame to meet the requirement.

Sanusi told members of the

country's National Committee on Year 2000 compliance, who called on him in Abuja at the weekend. "The system would have no place for any distressed institution from January 2000. There is therefore no need for the system, customers or the public to panic over their year 2000 compliance."

He said the affected institutions comprised seven development finance institutions and 18 conventional banks.

"Their non-compliance, however, would not do any damage because they did not pose any risk to the financial system," he said. "On the whole, the distressed customer bases have been reduced over the years."

Sanusi debunked claims in government circles that only 50 per cent of the country's banking institutions were Y2K compliant. In fact, he said, 79 banks, or about 90 per cent of the country's banking industry, were Y2K ready.

Following the deregulation of the Nigerian banking sector by the military government in the mid 1980s, when the structural adjustment programme was introduced, the number of banks registered in Nigeria rose from fewer than 30 to about 130 commercial and merchant institutions.

This rise in the number of banks led to a shortage of skilled manpower to cope with the sudden increase in jobs and business.

Most of the banks also resorted to using non-banking practices and engaged in illegal and unprofessional operations such as recycling scarce foreign exchange in the country.

Most of the banks were known to have engaged in buying foreign exchange from the central bank to sell at huge margins at the autonomous and illegal foreign exchange market.

The high rate of failure was linked to the lack of effective supervision from the central bank, as well as to corrupt practices, the granting of unsecured credits to customers, and large-scale fraudulent practices by individual banking staff.

However, since the return of Nigeria to democratic rule, the government has received many inquiries on the registration of new banks. Already a few such institutions have been licensed and opened for business. One such bank is Standard Chartered Bank of England, which once held a stake in Nigeria's First Bank - Independent Foreign Service

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Privatisation under way

Kingsley Kubeyinje (22b) 190 18/11/99

LAGOS — The much-awaited privatisation of public enterprises in Nigeria got off the ground this week, with an SA bank securing an influential role.

Stanbic Nigeria, part of the Standard Bank group of SA, has been appointed by the National Council on Privatisation as an adviser to Calabar Cement

Company one of the 12 firms earmarked for privatisation in the first phase of the programme. Stanbic and International Capital markets Group will undertake the "strategic review" restructure and sale preparation in respect of the cement company.

The director-general of the Bureau of Public Enterprises, Nasir Rufai, said nine of the 12 firms earmarked for phase one were quoted on the Nigerian Stock Exchange.

According to the timetable, the share offers of three of the firms — the FSB international bank, cement company Wapco and African Petroleum — open on December 13 and close on January 21. Share offers for the second batch of companies will start on January 24 while those in the third batch of phase one will start on February 28.

At the end of the day, the Nigerian government expects to raise in about \$150m from the programme. The government's shares in the public enterprises range between 1% and 40%.

Nigeria is privatising the firms at the prompting of the World Bank and the International Monetary Fund which maintain that the enterprises are inefficiently managed and lose money.

Army spending slashed in Nigeria's civilian budget

(22b) 190 18/11/99

With improvements to refineries since Obasanjo's election, oil imports may be cut

ABUJA — Nigeria's first civilian budget for 15 years proposes increasing spending on education, health and the lifeblood oil industry but slashes the allocation for defence, a government minister said.

Information Minister Dapo Sarumi said late on Tuesday that domestic spending would be \$5bn in 2000, compared to about \$3.4bn in the 1999 budget set by the military government, which bowed out in May.

Sarumi said a further \$2.85bn would be spent on oil-producing joint ventures in 2000, with another \$300m to make up a shortfall in 1999, when \$2bn was approved — apparently meeting the needs of operators after years of funding crises.

"There has been a massive cut in defence allocation. By the allocation to agriculture, education, health, infrastructure, utilities and debt servicing we are back on the track of recognition," Sarumi said.

The budget is the first since elected President Olusegun Obasanjo took office, breaking 15 years of corrupt military rule.

A big help in putting together the 2000 budget has been the rise in oil prices to a predicted average for the year of \$18 a bar-

rel, compared to the \$9 a barrel on which the last military ruler based his spending plans.

From Sarumi's figures it was not clear whether there would be a deficit in the budget, which is due to be formally presented for approval by the National Assembly next week.

"For Nigeria to have what we call a democracy dividend, I think a deficit budget would be tolerated," Sarumi said.

Too large a deficit would be hard to stomach for international financial institutions, who could hold the key to debt relief. Nigeria is in negotiations with the International Monetary Fund to work out a plan of some kind which could lead to discussions on debt relief and a standby loan of up to \$1bn.

The demand for relief or forgiveness on debts which Sarumi said stood at \$28.54bn at the end of September has been one of Obasanjo's key aims during numerous foreign trips.

Sarumi said Nigeria could budget only \$1.5bn for debt servicing in 2000 compared to a requirement of \$1.98bn.

Many creditors are keen to support Nigeria's new democracy but are wary of giving too much help until Obasanjo

proves that he is committed to economic reforms such as privatisation and cutting subsidies.

Meanwhile, Nigeria's state oil company said on Tuesday it planned to cut back its massive fuel import programme because of improvements to refineries since the end of military rule.

Nigerian National Petroleum Corporation (NNPC) Group MD Jackson Gaius-Obaseki said no fresh orders were planned for the first quarter of 2000 since cargoes ordered for the last quarter of 1999 had not been used up.

"For the first time, we have not ordered products," said Gaius-Obaseki while in Lagos at an oil industry conference.

But industry sources said scheduled refinery maintenance made it unlikely Nigeria could reduce imports too far without risking a return of the fuel shortages which have sporadically paralysed Africa's most populous nation in recent years.

Despite being Africa's biggest oil producer, Nigeria has been forced to import fuel due to poor funding and management of its four refineries — which together have a theoretical capacity of 445,000 barrels a day — during army rule.

NNPC ordered 20 cargoes, mostly of low-octane gasoline, to cover the last quarter of 1999.

The order raised eyebrows in the oil industry since it was made without a public tender to many of the same trading companies which profited under the past military regime.

Gaius-Obaseki said repairs to refineries since Obasanjo took office meant output was now rising comfortably, with the northern Kaduna refinery fully back on stream and expectations high for southern Port Harcourt and Warri refineries to return to normality imminently.

"We're producing more PMS (petrol). The stock level now is high if the entire system shuts down today, in the next three weeks there's enough for this country," he said.

Industry sources say if turnaround maintenance goes ahead as scheduled on the 150,000 barrel a day New Port Harcourt plant it might mean Nigeria would have to raise the level of imports.

"Even if the other refineries were in perfect order, I can't quite see Nigeria not having to import something substantial if the maintenance remains on schedule," said one. — Reuters

REST OF AFRICA

Nigerian military moves into oil area

LAGOS—Troops poured into the oil-producing region of southern Nigeria yesterday in a military operation aimed at ending the "anarchy" that is threatening oil production.

Dozens of truckloads of heavily armed soldiers arrived in the Bayelsa State regional capital Yenagoa over the weekend and moved into the town of Obi yesterday, where, according to residents, 12 policemen have been killed this month.

"There was a lot of shooting. The local people were ready for them," one resident said.

In Port Harcourt a doctor at the local hospital said four soldiers had

The Ijaw people believe the incursion is aimed at intimidating them

been brought in on Sunday suffering from gunshot wounds. One of the soldiers told doctors that two of his colleagues had been killed.

Residents in the region said the road through Bayelsa from Port Harcourt to Warri, both major oil cities, was blocked by soldiers on Sunday and yesterday, and that people were being stopped from entering the area, making it difficult to assess the situation.

A senior military official confirmed a military operation was under way but declined to give details.

Government spokesman Doyin Okupe said President Olusegun Obasanjo, had decided to act after weeks of what he described as "almost anarchy" in Bayelsa.

Bayelsa, a key region for Nigeria's oil output of 2-million barrels a day, has been hit by frequent unrest in recent years.

"I would not categorise it as a military operation. There has been a deployment of the security agencies to end the anarchy and maintain law and order," Okupe said.

Obasanjo sent a letter to the gov-

ernor of Bayelsa State on November 10 demanding that he restore order by November 24, or Obasanjo would announce a state of emergency.

Local community leaders told Nigerian radio the operation was an attack on the Ijaw people, one of the main ethnic groups in the region who have long been agitating for more control over their own affairs.

The Ijaw National Congress, a prominent Ijaw nationalist group, say they will resist any attempt to impose a state of emergency.

Okupe, however, said "This is not

an anti-Ijaw operation. No government has been more interested in solving the Niger Delta problem and developing the area than this one.

"The government has inherited the results of years of almost criminal neglect of the region under past regimes. But order has to be restored. Disorder in the region does affect the rest of the country. It affects people wanting to invest in Nigeria," he said.

Bayelsa is one of nine oil-producing states in Nigeria and at the heart of the troubled delta region.

Okupe declined to comment on whether a state of emergency would now be declared —Sapa-APF

BD 23/11/99

Rights body fears troops may inflame conflict

(226)
Business Day Reporter
and Sapa-AFP

HUMAN Rights Watch has called on the Nigerian government to withdraw the soldiers it deployed in the Niger Delta over the weekend, warning that troop movements were likely to inflame local conflicts

The troops were moved into the troubled oil-producing delta region at the weekend in apparent retaliation to an incident two weeks ago in which several policemen were killed.

The New York-based watchdog body says information from the sealed-off area is still sketchy, but that local informants have told the rights group that large numbers of casualties are feared in indiscriminate reprisals against civilians

In January 1999 soldiers killed dozens of people and seriously assaulted many others in the course of a similar military crackdown in the same area of Bayelsa state

"This is the worst possible response to the unrest in the delta," said Peter Takirambudde, executive director of the Africa Division of Human Rights Watch "The rule of law clearly needs to be restored, but government lawlessness can only make the situation worse"

Human Rights Watch called on the government to withdraw

BD 24/11/99
the soldiers immediately and use regular law enforcement measures to arrest those alleged to be responsible for the murder of the policemen

"The government must draw a clear distinction between those who carried out criminal acts and those who are exercising their constitutional rights to express their views, not to mention those who are simply bystanders," Takirambudde said

The rights group also called on oil companies operating in Nigeria publicly to express their concern to the government and to urge a negotiated solution to the problems of the delta "The oil companies that provide the wealth to Nigeria's government undoubtedly have an important influence on government policy in the delta," Takirambudde said. "They should condemn indiscriminate killings and urge respect for human rights"

Since President Olusegun Obasanjo took office in May 1999, leaders of the oil producing communities have stepped up demands for more sharing of revenue with the people living in the areas where oil is produced

The current military operation is focused on Odi, a community in Bayelsa state just off the main east-west road that runs from Port Harcourt to Warri, the two most important towns in the oil producing region

Policy is a threat to investments

(226) BD 25/11/99

William Wallis

Financial Times

LAGOS — The Nigerian government is under intense pressure to review its new telecommunications policy, which reinforces the monopoly position of the state-run company, Nitel, and jeopardises millions of dollars of private sector investment

The policy, published last month, claws back Nitel's monopoly on international voice and data traffic by banning private competitors from international services for the foreseeable future. It also raises the licence fee for GSM mobile networks to \$100m, a level most Nigerian operators say they would be unable to risk.

Tens of millions of dollars of investment by foreign and local companies who were issued with communications licences under former military regimes have been affected. Unease has spread to internet service providers, who fear they may be the next to have their licences revoked, and whose growth to date has been hampered by dependence on Nitel.

There has also been a knock-on effect on the financial sector. Because of Nitel inefficiency, some banks invested in their own international VSAT lines for data traffic. These are now effectively illegal.

As one of the first detailed

policies published since the civilian administration of President Olusegun Obasanjo took office in May, it is seen as a barometer of government thinking.

It comes at a crucial stage in negotiations with the International Monetary Fund on a possible \$1bn loan, which depends on a commitment to decentralising the economy.

One of the main aims of the policy was to cut through a jungle of licences, issued by former military regimes in a haphazard way which often benefited cronies. Many have been cancelled. But while the new policy promises deregulation and transparency in licensing, the short-term beneficiary is Nitel.

The state company is earmarked for partial privatisation within two years. In the meantime it is apparently still intended to be the backbone of ambitious government plans for communications growth — a role most Nigerian businesses know from experience it is poorly placed to provide.

With a total of only 450,000 connected telephone lines for a population of more than 110 million, Nigeria is one of the worst served countries in the world. In mobile systems, it lags behind much of the region. There is no functioning GSM network, and the one national mobile system — Mobitel, an affiliate of Nitel — is hopelessly overloaded.

Nigerian cauldron starts to boil over

Last week's riots signal growing tension between ethnic groups, writes William Wallis

Violence is no stranger to Lagos, Nigeria's dilapidated commercial capital of 10-million people. Whether it is between taxi touts and bus owners, cattle herders and tanker drivers, street thugs and police, or simply enraged motorists in another stifling traffic jam, a week without a punch-up that leads to worse is rare.

But when the fighting is between Nigeria's two largest ethnic groups, the Yoruba — who come from the southwest around Lagos — and the Hausa-Fulani — who originate in the Muslim north — the whole country shudders.

Last week a dispute between traders in the sprawling "Mile 12" market in a northern district of the city sparked some of the worst bloodshed Lagos has seen for years, pitting Yoruba against Hausa-Fulani. As many as 100 people died in two days of rioting that spread in sporadic incidents to other parts of the city.

This has threatened to provoke reprisal killings elsewhere. Pararmilitary police who got to the scene of the riots long after they had started at times stood hundreds of metres back, awestruck by the force of hatred driving the clashes.

The catalyst for similar fighting of how a situation like this can spi-

between the two ethnic groups in the past has usually been of a national political dimension. The animosity by the Hausa-dominated military of elections won by the Yoruba tycoon Moshhood Abiola, in 1992, his death in detention, or the false rumour that today's head of state, Olusegun Obasanjo also a Yoruba, had himself been murdered to prevent his swearing in as the country's first elected president in nearly 16 years in May.

This time, however, a market dispute that had been allowed to rumble on for months between Hausa-Fulani traders and thugs allied to a Yoruba cultural association, the Odua People's Congress, over control of rents in the yam stalls provided the spark.

That such a seemingly parochial problem was enough to precipitate a crisis of national dimensions is an indication of the alarming degree to which ethnic relations in Africa's most populous nation have been stretched.

Hundreds of Hausa-Fulani trading families have piled onto trucks to flee back to the north of the country in the north's largest city, Kano. Yorubas fearing reprisals have gathered in numbers near a military barracks for safety.

There is enough past evidence of how a situation like this can spi-

ral out of control to raise serious concern. As recently as July clashes between Hausas and Yorubas spread from the south to the north of the country in a disturbing re-run of the kind of events that in the 1960s led to civil war.

The latest violence comes after a rapid succession of other ethnically driven clashes across the country have claimed the lives of more than 1 000 people in the second half of this year.

It also coincided with another bloody week in the oil-producing Niger Delta, where witnesses say soldiers flattened a village after the biggest troop deployment since the end of military rule was ordered in a hunt for the killers of 12 policemen.

The regularity of these incidents raises questions about the long-term stability of Africa's most populous nation and is jeopardising the government's efforts to draw in fresh foreign investment.

Sounding more like the military ruler he was in the 1970s than the civilian leader he became this year, Obasanjo said he had ordered a shoot-on-sight policy to halt the Lagos riots. "The issue as I see it is an unacceptable issue of criminality, lawlessness, murder and arson which no government can tolerate," he said. "When people behave

like animals they must be treated like animals."

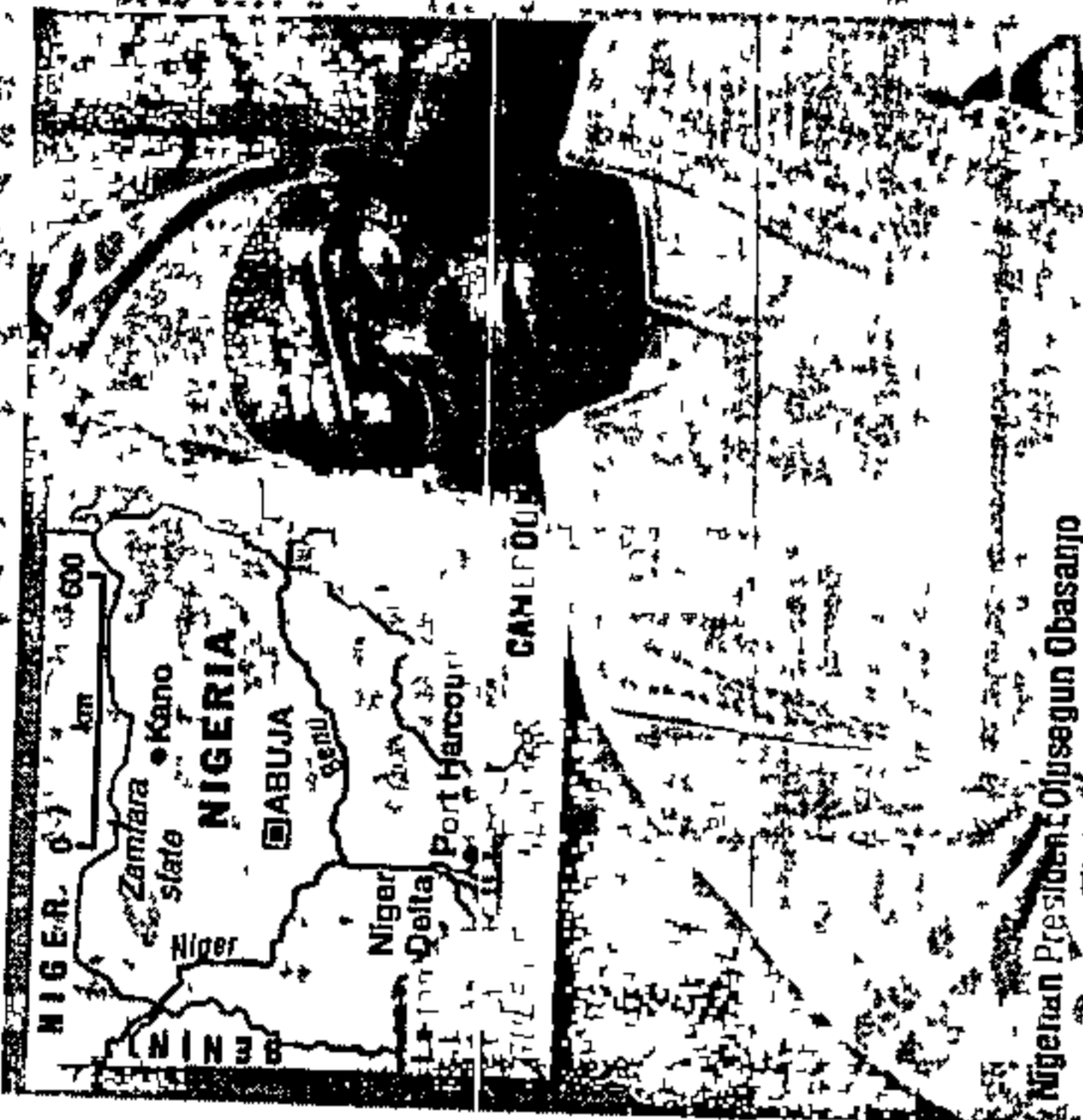
His fierce public determination to crack down on ethnic militias and soaring crime has been undermined by the widespread and unpredictable nature of the violence as much as by poor discipline and training in the security forces.

In the six months since it came to power the government has won widespread public approval for ending fuel queues and improving electricity supply. Efforts at hunting down the worst human rights offenders from previous military regimes and the many commissions set up to probe past economic crimes, have also proved popular across the ethnic divides.

But the military left a plundered economy and a desperate population of 110-million people who have watched their living standards steadily worsen over the past two decades.

The battle between two neighbouring villages in the delta recently over ownership of pipes discarded by an oil company was a poignant example of how poverty is provoking fratricide. The government has been able to do little to address this legacy and improve the lot of ordinary people in the short time it has been in power.

The real reason for much of the



Nigerian President Olusegun Obasanjo

violence may be poverty-related. But the delicate nature of the power shift that accompanied the return to civilian rule has also increased tension at a time when the relaxed grip of the military makes recruiting the unemployed into ethnic militias that much easier.

For much of Nigeria's post-independence history, the government has been run by the Hausa-Fulani. That changed when Obasanjo was sworn in. Although he won the elections on a "detrilled" platform he has since been presented by disgruntled politicians as a champion of his own group.

In the meantime, elected governors in states where violence has become prevalent have been torn between the need to keep the fed-

eral government on their side and the pressures from an electorate spurred on by ethnic sentiment. More often than not they have taken the side of the latter, further challenging central authority.

The issue has manifested itself in a more subtle way in the north. There the governor of the state of Zamfara has introduced Muslim sharia law as the governing legal system. This is despite the dubious constitutionality of the move and a sizeable Christian minority.

Attempting to keep the lid on all these developments is gradually becoming the main concern of a government that is pleading for the time and peace in which to set about the real task at hand — lifting Nigerians out of poverty.