MEETING WITH FOREIGN DIRECT INVESTMENT BROKERS (FDIB)

Date: Mon. Sept. 17, 2012

Venue: NGFS

Time : 4pm

Brief on FDIB

FDIB Ltd. is a firm of economists, accountants and finance professionals providing specialty consulting services on foreign direct investment, equity partnership and project funding in the areas of power generation, agriculture, mining, transportation, oil and gas, water and sewage treatment, pharmaceuticals, engineering and construction, shipping etc.

FDIB consults for businesses and governments seeking technical, financial and managerial partnerships from abroad, and for direct investors looking for safe, stable and viable destinations for their investments outside of their home countries.

PROPOSAL

The proposal of FDIB to partner with the NGFS is summarized as follows:

- FDIB to partner with the NGFS to ensure the participation of the Nigerian State Governors to attend the **Infrastructure Investment Conference**, scheduled to take place in London, UK, from 19-21 November, 2012;
- NGF to mobilize at least 2 Governors from each of the zones (i.e. 12 Governors) and 4 other officials to accompany the selected Governors (i.e. 48). Total participants = 60;
- States to showcase their projects and investment profiles to attract investors;
- FDIB to facilitate the partnership between investors and States for further negotiations on project funding and other investments;
- All net incomes from this partnership will be shared in the ratio of 60:40. 60% for FDIB and 40% for the NGFS. X

Please find attached profiles of investors who would be present at the **Infrastructure Investment Conference**.

x FDIB = Logistics

* Registration fee Coverage

FDIB Limited
FOREIGN DIRECT INVESTMENT BROKERS

(RC 786009)
15, AGADEZ CRESCENT, OFF AMINU KANO CRESCENT
WUSE II, ABUJA, FCT.
TEL:09-8702430, 08062200894 ,07082947170
EMAIL:fdib.ng@gmail.com

Monday 30, July, 2012.

RECEIVED
0 1 AUG 2012
NIGERIA GOVERNORS' FORUM

The Director-General
The Nigerian Governors' Forum
1, Deng Xiaoping Drive
Off AIT Junction
Asokoro Extension, Abuja.

Attention: Alhaji L.O.T. Shittu, ED, Strategy & Research.

Dear Sir,

RE: UNCOVER NEW FOREIGN INVESTORS, EQUITY PARTNERS & PROJECT FUNDING OPPORTUNITIES IN EUROPE.

Further to our discussion earlier in the month on the above-referenced event, please find attached the complete brochure of the investor gathering and a write-up (one page per investor) on some of the investors who have graced some of our previous events and are going to be at the London event.

In the write-up, we have provided some information on recent investment activities of the investors - especially in Africa, their investment selection criteria, and their views and plans for the African continent in the next ten years.

We are particularly delighted with the words of **Mark Mobius, the Executive Chairman, Templeton Emerging Markets Group**, a global investor with over US$720billion investment around the world:

> *"Investors may be quick to associate political risk with emerging or frontier markets, but every country in the world faces some degree of political risk...at the moment, South Africa is the king of sub-Saharan investing, but Nigeria is coming up fast...so-called frontier markets such as Argentina, Nigeria and Kenya offer faster growth than other emerging markets. There is a lot of volatility and lots of problems in trying to get your research done, but I think these frontier markets are really interesting."*

We also note the encouraging words of **Bruce Wrobel, a global investor and CEO of Sithe Global Power**, a major investing partner in the US$900 million Bujagali Hydropower Project on the River Nile in Uganda:

> *"Africa has enormous potential to develop hydro-powered capacity, critical both for reliable power, and for the renewable side to wean Africa off oil-fired generation and other fossil fuels...we will see strong economic growth on the continent...when you compare Africa to China or to some of the other leading economies, it is both larger in term of natural resources and economic potentials, and dwarfs any other region on the planet in terms of its long-term potentials".*

It is our sincere expectation, therefore, that the **Nigerian Governors' Forum** will take full advantage of this all-important gathering of notable investors from around the world to table their infrastructure investment needs and access the available funding in the market.

Alternately, for a negotiated professional fee, our company can act as Consulting Representatives of any state government at this event if the Chief Executive or his officers are unable to attend as a result of pressing state matters or for any unavoidable reason.

As a Consultant, we can also arrange, in collaboration with any willing state government, to bring some of these investors down to Nigeria on an investment fact-finding tour, reveal their investment appetite and share their investment criteria with such state government.

Sincerely,

For: FDIB LIMITED

Ade Ebimomi, Economist.
CEO

Attracting foreign direct investment needn't be rocket science.

Because it isn't.

Introducing...

FDIB Limited

RC 786009

FOREIGN DIRECT INVESTMENT BROKERS

15, AGADEZ CRESCENT, OFF AMINU KANO CRESCENT, WUSE II, ABUJA, NIGERIA.
TEL: 09-8702430, 08062200894, 08023210184 EMAIL: fdib.ng@gmail.com
with representative offices in the UK, China, Canada, UAE and Hong Kong

WHO WE ARE

We are a firm of economists, accountants and finance professionals providing specialty consulting services on foreign direct investment and project funding.

THE MANAGEMENT TEAM AT FDIB

WHAT WE DO

We consult for businesses and governments seeking technical, financial and managerial partnerships from abroad, and for foreign direct investors looking for safe, stable and viable destinations for their investments outside of their home countries.

Here at FDIB, we've simplified the entire process of foreign direct investment. From identification through negotiation, implementation and management, our methodologies take the shroud of complication away from a process that is, actually, a little complex.

HOW WE DO IT

FDIB designs operational methods and strategies for the successful execution of clients' briefs. For foreign investors, our financial and management experts research the company, industry or region you are interested in, and carry out due diligence with special emphasis on current and past performances, present operational status, risk assessment, political stability, government policies and regulations, ease of doing business, profit repatriation laws and long-term growth potentials.

THE INVESTMENT TEAM AT FDIB

THE SECTORS WE COVER

Power Generation. Agriculture. Mining. Transportation. Oil & Gas. Water & Sewage Treatment. Tourism. Pharmaceuticals. Engineering & Construction. Shipping. The Whole Works.

FDIB...we've developed a simple approach to a complex process.

ATTEND EUROPE'S LARGEST GATHERING OF INFRASTRUCTURE INVESTORS

Book your spot now!

infrastructure INVESTMENT WORLD

EUROPE 2012

Low risk, long term, consistent returns

19 - 21 November 2012,
Wyndham Grand Hotel, Chelsea, London

Brought to you by:

FDIB

IN ASSOCIATION WITH PARTNERS IN CHINA, HONG KONG AND THE UK

TOP 10 reasons TO attend

Take advantage of new opportunities in co-investments, emerging EU infrastructure and government initiatives.

Join Europe's infrastructure investor community as they discuss the opportunities and challenges of the coming year at the most established infrastructure investment event in the sector.

1. **Uncover European and global investors' appetite.** Meet and hear from a wide pool of European and global investors on their investment appetite into global infrastructure.

2. **Hear from a fantastic line-up of institutional investors on what they really want**. Get into their mind-set as they share their selection criteria and factors of consideration for new investments.

3. **Uncover the new opportunities in Europe's alternative energy** infrastructure projects with EDF, the Atlantic Council and the EIB

4. **Meet the full value chain from operator** to GP of your economic and social infrastructure project.

5. **Tell European and global investors about your infrastructure project funding needs**. Uncover the largest scope of infrastructure investors and facilitators of capital-raising.

6. **Learn how Sithe Global, EISER, EDF, Balfour** Beattey, Hochtieff and others construct their risk return profiles on infrastructure investing.

7. **Hear from YIELCO, Swiss Re, Allianz and others** on how to create new opportunities through co-investment models

8. **Join our focus day and capitalize on** the long term, low risk opportunities offered by infrastructure debt

9. **Develop new business partnerships through exclusive networking opportunities**. Build and cultivate new business partnerships with institutional investors in 10-plus hours of exclusive networking time. This is the easiest way to cultivate new business alliances.

10. Best place to meet hard-to-access key decision-makers in infrastructure funding. With dozens of leading international and European investors congregating to share the best investment strategies and opportunities, this is amust-attend event for all infrastructure stakeholders

speakers 2012

"The only infrastructure event to bring the key investors every year!"

Phil Page | Head of Infrastructure | Cardano

Key Speakers

Jacques Demers
President and CEO
OMERS Strategic Investments

Valentijn Thijssen
Manager of Structured Products
APG Investments

Jens Henrik Staugaard Johansen
Managing Partner
APK AAIP

Nigel Frisby
Investment Manager, Private Equity & Infrastructure
Greater Manchester Pension Fund

Serge-Alexandre Lauper
Co-Head of Investment Management
Swiss Re

Hubertus Baumer
Senior Investment Manager
Generali Deutschland Immobilien

Georg Grodzki
Head of Credit Research
Legal and General IM

Laurence Monnier
Fund Manager
Aviva Investors

Jürgen Maier
Director
Allianz Investment Management

Dylan Grice
Global Strategist
Société Générale

Barbara Ridpath Chief Executive **International Centre for Financial Regulation**

Mike Redican
Managing Director
Deutsche Bank

John Campbell
Senior Partner
Campbell Lutyens & Co.

Philip Coggan
Buttonwood Columnist
The Economist

Bernhard Muller Head of Division **Partnerships Germany Project Transfer, Federal Ministry of Finance, Germany**

François Bergère Head of PPP Unit **Ministry of Economy, Finance and Industry, France**

Marc Bollen
Deputy Director PPP
Netherland and Financial Manager A15, Ministry of Transport

Holger Linkweiler
Managing Director
Hochtief AirPort

Ian Rylatt
CEO
Balfour Beatty Infrastructure Investments

Rob Gregor Managing Director **Balfour Beatty Infrastructure Partners**

Ronan Lory Finance Director **Energy Sourcing and Customer Supply, EDF Energy**

reserve your place today

The earlier you book the more you'll save.
It's really easy to register. Simply call:
08062200894, 08023210184, 09-8702430

Or send an email to:
fdib.ng@gmail.com

Register early and save over 10%. Please call for details.

Package				
Days	Before 31 July 2012	Before 31 August 2012	Before 30 Sept 2012	After 30 Sept 2012
3 Day Conference Pass 19-21 November 2012	£3,300+ VAT £660 = £3,960 **SAVE £586**	£ 3,500+ VAT £700 = £4,200 **SAVE £306**	£ 3,625 + VAT £725 = £4,350 **SAVE £156**	£ 3,755 + VAT £751 = £4,506
Plus 25% Service Charge	£3,960 + SC £990 = £4,950 **SAVE £682**	£4,200 + SC £1,050 = £5,250 **SAVE £382**	£4,350 + SC £1,087 = £5,437 **SAVE £195**	£4,506 + SC £1,126 = £5,632

BOOK NOW

Ade Ebimomi
FDIB Limited

08062200894, 08023210184, 09-8702430

Email: fdib.ng@gmail.com

BRING YOUR TEAM
There's so much great content, you can't possibly cover it all alone! Bring your team and get an extra discount.

Sithe Global Power

AN ENERGY & INFRASTRUCTURE INVESTOR

CHAIRMAN AND CEO : BRUCE WROBEL (pictured above)

OPERATIONAL HEADQUARTERS: NEW YORK, UNITED STATTES OF AMERICA

INVESTMENTS IN AFRICA IN THE LAST 5 YEARS:

1. PARTNER IN THE $900 MILLION BUJAGALI HYDROPOWER PROJECT ON UGANDA'S NILE RIVER.
2. OWNERS OF GLOBAL ALUMINA, A CANADA-LISTED COMPANY DEVELOPING A $5.5BN ALUMINA REFINERY IN THE REPUBLIC OF GUINEA
3. SEACOM LTD, A MAURITIUS-BASED COMPANY BUILDING EAST AFRICA'S FIRST INTERCONTINENTAL SUBMARINE FIBRE-OPTIC CABLE, A $650 MILLION PROJECT.

ATTRACTIVE INVESTMENT SECTORS (In Bruce Wrobel's Words)

"Africa has enormous potential to develop hydro-powered capacity, critical both for reliable power, and for the renewable side to wean Africa off oil-fired generation and other fossil fuels. We also see agriculture as an enormous growth opportunity for Africa, and our financial partners have particular interests or strengths in particular sectors. We are scouring the continent for the right projects and the right project opportunities."

SITHE'S INVESTMENT SELECTION PROCESS

"It is very important that the project has strong local and governmental support because of some daunting issues investors face in Africa, such as corruption. We found that the larger the project , the less susceptible it is to corruption. The more transformational the project might be for a country or a region, the less susceptible it is to corruption because the benefit in seeing a project succeed is much stronger. So, we look for large, we look for transformational and we are also looking for those areas that will have a long, secure future in terms of the demand for whatever they produce."

AFRICA'S INVESTMENT PROSPECTS FOR THE NEXT 10 YEARS

"We will see strong economic growth on the continent. When you compare Africa to China or to some of the other leading economies, it is both larger in terms of natural resources and economic potential, and dwarfs any other region on the planet in terms of of its long-term potential...Africa is going to be an enormously dynamic place in a few years from now...the opportunity for investment there and for procuring opportunities will never be as attractive and bright as they are today".

For more information on this listed investor, please contact:
Ade Ebimomi, President / CEO,
Foreign Direct Investment Brokers
15, Agadez Crescent, Wuse II, Abuja, Nigeria
FDIB 09-8702430, 08062200894, 08023210184. Email: fdib.ng@gmail.com

OMERS Strategic Investments

GLOBAL INVESTMENTS IN INFRASTRUCTURE

PRESIDENT AND CEO : JACQUES DEMERS (pictured above)

OPERATIONAL HEADQUARTERS: TORONTO, CANADA

INVESTMENT VEHICLE:: BOREALIS INFRASTRUCTURE (Manages infrastructure investments for OMERS) .

ATTRACTIVE INVESTMENT SECTORS

Borealis Infrastructure is a world leader in developing infrastructure investing as an asset class for institutional investors. They have a proven track record in identifying, investing and managing infrastructure investments around the world, including Africa. Borealis' infrastructure investing generally involves direct investments in inflation-sensitive assets that are critical to the long-term success of a modern industrial economy such as transport (roads, railways, etc)) power generation and distribution, and banking. Some infrastructure investments are subject to regulatory establishment of rates, service delivery levels or both. Individual investments generally require capital commitments for a minimum of 15 to 20 years and typically generate consistent annual cash flows – a perfect fit in meeting long-term pension obligations.

OMERS' 'S INVESTMENT SELECTION PROCESS

OMERS' track record as a seasoned and successful infrastructure investors has been the result of diligent investment selection process. Since its establishment in January 2009, OMERS Strategic Investment has established itself as an investment vessel to drive and promote certain corporate initiatives that will position it as a global player, incubate investment platforms that do not fit into existing investment mandates, and further differentiate it from conventional pension funds by burnishing its reputation as a pension-based investment enterprise unlike any other in the world. Its investment selection strategies across the globe incorporate involve building long-term relationships with both like-minded investment and industry partners to invest capital alongside OMERS and to source and create attractive investment opportunities.

AFRICA'S INVESTMENT PROSPECTS FOR THE NEXT 10 YEARS

Africa, along with others in the emerging market economies, presents massive investment opportunities for OMERS investment objectives because of its population, natural resources and a growing middle class. The increasing cases of leadership and governmental stability across the region will ultimately ensure that its full potentials are achieved. OMERS want to be part of this in the medium and long-term.

For more information on this listed investor, please contact:
Ade Ebimomi, President / CEO,
Foreign Direct Investment Brokers
15, Agadez Crescent, Wuse II, Abuja, Nigeria
09-8702430, 08062200894, 08023210184. Email: fdib.ng@gmail.com

FDIB

Standard Bank-ICBC Ventures

CHINA TO AFRICA INFRASTRUCTURE INVESTORS

PRESIDENT AND CEO : Craig Bond (pictured above)

OPERATIONAL HEADQUARTERS: Beijing, China

INVESTMENT VEHICLE:: The Industrial and Commercial Bank of China

The Industrial and Commercial Bank of China (ICBC) officially opened its first representative office in Africa in November 2011 in South Africa. This move, coming on the heels of ICBC's purchase of 20% of Standard Bank, is aimed at deepening the ties between China and Africa. As the largest commercial bank in China, ICBC boasts a powerful customer base, leading information technology and diversified products; and is a market leader in major business areas in China.

EXISTING INVESTMENTS IN AFRICA

- The 1200 MW Mmamabula Power Station in Botswana
- The Integrated Coal Mine in South Africa
- The Angola Social Housing Construction Project
- The Syndicated US$1.2billion Agricultural Loan to Ghana COCOBOD

ATRACTIVE INVESTMENT SECTORS

China and Africa through the Standard Bank– ICBC Ventures are exploring common areas of interest in fields such as

- Finance
- Energy
- Telecommunications,
- Tourism and Transportation
- Aerospace.

ICBC'S INVESTMENT SELECTION PROCESS

Craig Bond, pictured above, says China is interested in two things: to grow African economies and create new markets for Chinese goods and services., so it can fully utilize its huge industrial capacitry. So far, he says, the Chinese have directly invested in African resources or engaged in off-take agreements, with bilateral investments worth up to US$50billion in total. At the same time, China has become Africa's biggest trading partner, conducting some US$100billion worth of trade in 2009.

AFRICA'S INVESTMENT PROSPECTS FOR THE NEXT 10 YEARS

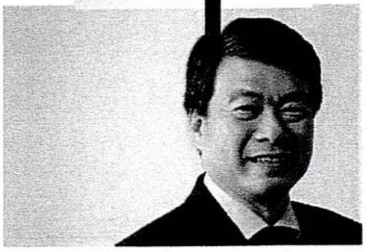
Bond says in the last two years China's appetite has rebounded, including sourcing minerals from Australia and South America, but that the real focus for Chinese companies is Africa., where they are seeking partnerships on the back of infrastructure development. He estimates that China would have invested over US$1trillion in Africa's infrastructure in the next 10 years, and are focusing on infrastructure development in Nigeria, Ghana, Zambia, Botswana, Uganda and Kenya.

For more information on this listed investor, please contact:
Ade Ebimomi, President / CEO,
Foreign Direct Investment Brokers Ltd,
15, Agadez Crescent, Wuse II, Abuja, Nigeria
09-8702430, 08062200894, 08023210184. Email: fdib.ng@gmail.com

FDIB

Power Assets Investments

POWER PLANTS & INFRASTRUCTURE INVESTORS



PRESIDENT AND CEO : TSO KAI SUM (pictured above)

OPERATIONAL HEADQUARTERS: HONG KONG

INVESTMENT VEHICLE: POWER ASSETS HOLDINGS LIMITED

Power Assets Holdings Limited is a global investor in power and utility-related businesses with investments in electricity generation, transmission and distribution, renewable energy and gas distribution. To date, Power Assets Investments has a portfolio of 12 investments over six countries in four continents, representing interests in over 6,800MW of power generation plants and 400,000km of electricity and gas networks, including:

- Ratchaburi Power Company Ltd, Thailand
- Stanley Power, Canada
- Outram Limited, China
- Seabank Power, United Kingdom

and Distribution Networks, including:

- UK Power Networks Holdings Limited, United Kingdom
- ETSA Utilities, Australia
- Powercorp, Australia
- CitiPower, Australia
- Wellington Electricity Lines Ltd., New Zealand

ATTRACTIVE INVESTMENT SECTORS

Power Assets Investments primary focus is electricity generation, transmission and distribution, and has been powering the city of Hong Kong for more t5han 120 years. Leveraging on such solid foundation, they have established a strong presence with investments in the United Kingdom, Australia, New Zealand, Mainland China, Canada and Thailand, bringing sustainable energy and lighting up the lives of millions around the world.

POWER ASSETS ' INVESTMENT SELECTION PROCESS

Power Assets ' strategic focus of seeking growth in the global business arena has helped it establish an increasingly diverse worldwide interests. Power Assets seeks investments in such areas and regions where there is a n assured stream of income for its investments .

AFRICA'S INVESTMENT PROSPECTS FOR THE NEXT 10 YEARS

Power Assets is looking to diverse into the African markets to take advantage of the increasing energy requirements of the region. It is estimated that in the next 5-10 years, a large percentage of Power Assets investment returns will come from the large potentials of the emerging markets of Africa such as South Africa, Angola, Nigeria, Ghana, Egypt, Tunisia and South Sudan.

For more information on this listed investor, please contact:
Ade Ebimomi, President / CEO,
Foreign Direct Investment Brokers
15, Agadez Crescent, Wuse II, Abuja, Nigeria
FDIB 09-8702430, 08062200894, 08023210184. Email: fdib.ng@gmail.com

1Malaysia Development Bank

GLOBAL INVESTMENTS IN POWER PLANTS

PRESIDENT AND CEO : Alzra Ibrahim Halmi (pictured above)

OPERATIONAL HEADQUARTERS: Kuala Lumpur, Malaysia

INVESTMENT VEHICLE:: Tanjong Energy Holdings

Tanjong Energy Holdings owns and operates 9 power plants in:

1. Egypt
2. Bangladesh
3. Malaysia
4. Sri Lanka
5. Pakistan
6. United Arab Emirates

Tanjong Energy Holdings' total power assets create about $260million in annual earnings.

ATTRACTIVE INVESTMENT SECTORS

Tanjong Energy 's primary focus is on the energy sector, investing about $1billion annually in power plant acquisition or construction. There is enormous potential for hydropower in Africa, particularly in sub-Saharan countries, which accounts for about 12% of the world's hydropower potential, but only about 17.6% of these reources have been harnessed. Tanjong Energy Holdings, therefore, sees a very attractive business model here.

TANJONG ENERGY'S INVESTMENT SELECTION PROCESS

Energy infrastructure assets are in high demand for large state-owned enterprises and sovereign investors. Power generating assets provide steady cash flow and a high ROI, even they are sometimes dependent on state-awarded concessions and power purchase agreements. To this end, it is important that countries or regions of interest must have a stable political environment and an investor-friendly business structure. Investments in power plants require long-term capital commitments and Tanjong sometimes seek JVs with goals and objectives consistent with their overall investment plans and in regions that offer long-term returns for their investments.

AFRICA'S INVESTMENT PROSPECTS FOR THE NEXT 10 YEARS

What separates Africa from the other regions in the EMCs is that increamental funds invested into the continent will start to unlock a hitherto inaccessible market the size of Africa today. Potential returns in an environment like this are remarkable. Africa is home to 13% of the world's population but accounts for only 2% of the world's GDP and 3% of global commercial energy consumption. South Africa accounts for nearly half of all the electricity consumed on the continent, while Egypt, Libya and Algeria take up a further 30%. Sub-Sahara Africa, in which about 80% of the continent's population lives, generates only 24% of total electricity output. Such disparities, however, leave plenty of room for new investment growth in the region.

FDIB

For more information on this listed investor, please contact:
Ade Ebimomi, President / CEO,
Foreign Direct Investment Brokers Ltd,
15, Agadez Crescent, Wuse II, Abuja, Nigeria
09-8702430, 08062200894, 08023210184. Email: fdib.ng@gmail.com

EISER Infrastructure Partners

GLOBAL INFRASTRUCTURE FUND

PRESIDENT AND CEO : HANS MEISSNER (pictured above)

OPERATIONAL HEADQUARTERS: LONDON, UK

INVESTMENT VEHICLE:: EISER GLOBAL INFRASTRUCTURE FUND

Set up in 2005 with EUR 1.1billion of capital commitments, EISER Global Infrastructure is now fully invested with a diversified portfolio of 11 operating and development investments with a combined enterprise value exceeding EUR 3biliion.
EISER is currently raising its second fund, EISER Infrastructure Fund II, targeting capital commitments of EUR 1billion, focusing on investments in European OECD countries.

ATTRACTIVE INVESTMENT SECTORS

EISER invests primarily in the following sectors:

- Energy
- Environmental Services
- Transportation
- Social Infrastructure

EISERS' 'S INVESTMENT SELECTION PROCESS

EISER makes equity investments in private companies which generate strong and predictable cash flows. EISER looks to invest in companies operating in regulated industries or those uniquely positioned in their respective markets, and in Greenfield projects with demonstrable long term contractual income streams. A targeted investment approach and active portfolio management enable EISER to deliver consistent returns for investors.

AFRICA'S INVESTMENT PROSPECTS FOR THE NEXT 10 YEARS

EISER currently has no investments in Africa but strongly believes that the African continent offers a strong potential for profitable returns on investments. To this end, EISER Is contemplating raising a third fund, after the EISER Infrastructure Fund II, to target investments in the energy, environmental services, transportation and social infrastructure sectors of the emerging economies of Africa.

Schulze Global Investments

EMERGING MARKETS INVESTORS

PRESIDENT AND CEO : Gabriel Schulze (pictured above)

OPERATIONAL HEADQUARTERS: Singapore

INVESTMENT VEHICLE:: Emerging Markets Private Equity Fund

ATTRACTIVE INVESTMENT SECTORS

Schulze Global Investments recognizes and targets potentials in the following sectors:

1. Agriculture
2. Natural Resources
3. Infrastructure (including power plants)
4. Logistics
5. Manufacturing
6. Tourism.

SCHULZE GLOBAL INVESTMENT SELECTION PROCESS

Schulze Global Investments prefers to seek firms and organizations with positive cash-flows and management teams that have proven, if nothing else, that they can keep an investment running. Schulze Global looks at not only to the explosion in commodity exports in Africa, but equally the results of a decade of economic reform programmes, including privatizations, profound adjustments to macroeconomic regimes, and increasingly open trade and investment policies.

AFRICA'S INVESTMENT PROSPECTS FOR THE NEXT 10 YEARS

Schulze Global Investments maintains that the economic outlook for Africa is bright, as one of the fastest growing regions in the world, with diverse growth driven by a mix of domestic and export-driven industries, and a rapidly expanding middle-class. "Africa offers highly compelling investment opportunities across a range of industries;...the opportunities for private equity are diverse , but the key is finding companies which can take private equity capital into their business and actually understand how to apply it effectively and efficiently to achieve growth" - Gabriel Schulze.

to the UK's rail infrastructure. Railtrack's main customers are train operating companies and freight operating companies - not the general public and rail travellers.

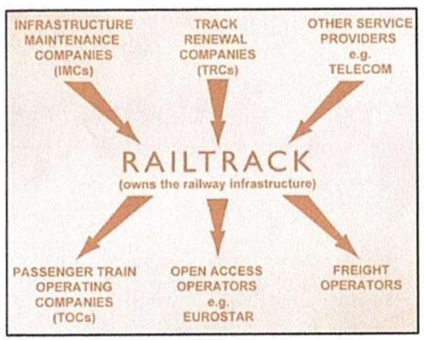
Stations are a vital part of the Railtrack network. They should be pleasant, secure and well-lit places with excellent amenities to enhance the start and end of every journey. A £1 billion station regeneration programme was launched in 1997. Work at over 400 of Railtrack's 2,500 stations has been completed and the programme is on schedule to complete before 2001.

The upgrading of Railtrack's stations can involve anything from redecorating a platform and canopy, to reroofing or completely rebuilding entire station areas, whilst meeting the heritage challenges. Disability access, passenger security and heritage are top priorities. Good examples of improvements include:

Euston Station roof - here and throughout the country, over 250,000 panes of glass will be replaced, covering more than 60 acres.

Birmingham Station platform resurfacing - more than 1,000 platforms throughout the country will be resurfaced or repaired.

Conservation work at York Station - many stations have heritage value and consultations are made with English Heritage, the Victorian Society and the Royal Arts Commission before work commences.



In setting out a business case for investing in a new railway or improving an existing railway service, there are a number of questions that need to be considered. These include:

Who are the key stakeholders in the new railway investment? How can the needs of the stakeholders best be taken into consideration?

1. How will other modes of transport work in conjunction with railway?
2. What is the market? For example: Is it freight? Is it short distance commuting? Is it long distance?

3. How, if at all, will the proposed service fit within the current network?
4. What could be done to encourage new customers to use the service? E.g. train operating companies and freight companies.
5. How could the railway service be marketed to the widest audience?
6. What are the key environmental issues that need to be considered?
7. What are the key safety issues to be considered?
8. How should the new or improved service be marketed? What is the main point of difference?

Page 2: Stakeholders and infrastructure

Railtrack 4 Image 2This is an important starting point. Stakeholder groups are collections of individuals and organisations that are involved in and influenced by the actions of an organisation. Typical stakeholders in private sector organisations include:

shareholders (people who own shares in Railtrack)

employees (over 1,100 work for Railtrack)

customers (e.g. the passenger train operating companies and freight operators)

suppliers (e.g. track renewal companies)

the Railway Regulator (who acts on behalf of Government and people to ensure that Railtrack operates in a proper and efficient way).

Creating an efficient railway infrastructure is of major importance to each group of stakeholders. An organisation like Railtrack cannot simply operate to maximise profits. It must respond to the needs and demands of its stakeholders. For example, Railtrack makes sure that its stations have suitable disability access. Another example of stakeholder concern is shown by the way in which Railtrack has a formal employee review process which looks after the training and development needs of its employees. A key criterion for any investment decision, therefore, should be that adequate attention is given to the range of key stakeholders.

The integration of transport systems has a high priority on the agenda for the development of modern economies. Whilst it makes economic sense for providers of transport services to compete against each other, it is also essential that the transport systems are integrated. For example, children going to school need to be able to use transport links which are convenient, cheap, safe and reliable. Their journey may involve several modes of transport - getting the bus to the station and then taking the train to school – and therefore efficient links between bus services, rail and roads are vital.

Wise investment in railways involves working closely with other providers of transport to provide a high quality service. Railtrack is strongly behind the Government's decision to develop an integrated transport policy. A recent example is the Heathrow Express. This service, operated by BAA, runs from Paddington to Heathrow Airport and was launched in January 1998.

Another system which is key to developing integrated local transport plans is the Light Rapid Transit System (LRT). LRT has a broad definition which includes variants from almost heavy rail systems through to very lightweight guided vehicles. One of the benefits of LRT is that it is cheaper to construct than conventional heavy rail. Many LRT systems involve an element of on-street running as well as dedicated infrastructure for part of their operation.

Modern train protection systems can allow joint running with heavy rail on the same track. Railtrack currently has systems under construction in the West Midlands and Croydon. In addition, Railtrack has been involved in studies of variants of LRT in a number of cities including Oxford, Bristol, Cardiff, Portsmouth and Nottingham, as well as the extension of the Tyne and Wear Metro system.

Page 3: The market

In order to invest intelligently in rail provision to meet increasing demand, it is necessary to understand how demand will change over time and the factors that will contribute to this change. Railtrack is therefore developing a number of models which will enable the organisation to understand both the overall level of demand for transport services and rail's potential within that demand.

Passenger transport

The passenger transport market has grown in line with the growth in economic prosperity. In Britain, total passenger miles travelled have increased by 250% since 1960. The rail market, however, has shown little overall growth (the lion's share of the market increase has been car transport). Government and industry forecasts show that the demand for passenger transport will increase substantially over the next 25-30 years. The critical factor for Railtrack is what element of this demand will be for travel by rail.

In the years leading up to 1998, the rail passenger industry experienced a period of very substantial growth with rates of increase of 10% a year. However, optimism associated with this figure needs to be weighed against the fact that the mid 1990s was a period of economic boom in which growth would be expected.

Currently, Railtrack's central forecast is that rail passenger demand will increase by around 15% over the next ten years. However, figures ranging from 5-30% are possible. The higher figure would be associated with Government policies such as taxes on workplace parking and steadily increasing fuel prices.

London is a very important part of the passenger transport market – around 48% of all peak time journeys to central London on public transport are by rail. Increasing use is being made of rail for off-peak journeys for leisure and shopping. Railtrack believes there is a considerable opportunity for growth in the use of rail travel in and around London.

Freight transport

Currently, three-quarters of all rail freight lifted (measured in tonnes) and carried (tonne kilometres) is linked to just four industrial activities - coal-fired electricity generation, the production and distribution of iron and steel products, petroleum products distribution and the construction sector. However, for the first time in many years, rail freight value is growing, with a 5% increase in tonne kilometres in 1997/98 in comparison with 1996/97. Intermodal and international traffic is growing by 12% and 20% per year, respectively.

Business organisations are beginning to recognise that they will need to seek alternatives to road transport for an increasing proportion of activities. The Government is expecting private industry to pay the full environmental cost of distribution, e.g. by increasing fuel taxes and possibly, in the future, through road pricing. Railtrack estimates future growth scenarios of 80% in rail tonne kilometres, with alternative figures ranging from 40% to nearly 200%.

An important part of any justification of investment in rail development is to show how this development will fit in with the current network. This can be exemplified by Railtrack's existing objectives for the development of its investment in infrastructural developments and services in London, i.e. to:

- maximise use of the existing network and ensure that the existing network is managed efficiently and used safely
- develop new journey opportunities and new markets including better interchanges with other transport modes
- develop cross-London routes and orbital links to minimise journeys that currently involve crossing central London
- ensure that enhancement schemes are planned to meet the needs of customers, the train operating companies, and their customers.

An example of a key plan to meet these objectives in London is the Thameslink 2000 project, which will provide additional routes through the heart of London by upgrading and installing extra connections to the present Thameslink route. On completion in 2004, the number of train paths through London will be increased from eight each way per hour in the peak to a maximum of 24 each way. The route will be capable of operating 12 car-length trains and cross-London journey times will be reduced.

Page 4: Attracting customers

Railtrack 4 Image 5Railtrack's income comes principally from access charges for using its network and facilities, such as stations, depots and other properties, from the 25 new train operating companies, as well as the freight operators who have leases for the occupation and use of freight terminals, sidings and yards. Railtrack has recently invested in track, stations and facilities in order to attract new customers and develop the rail services further.

One example of the way in which Railtrack has encouraged new customers is its investment in the West Coast Main Line. This is Great Britain's busiest mixed-traffic railway corridor, running from

London Euston through Birmingham, Manchester and Liverpool to Glasgow as well as connecting with Edinburgh. Railtrack is spending £2.2 billion on modernising this line to accommodate high speed tilting trains.

Railtrack's investment in the line has meant that the Virgin Rail Group (the company with the franchise to run trains on the line) has been willing to invest in tilting train technology allowing trains to run at 140mph. The project will reduce journey time and provide increased performance and reliability, and improved customer satisfaction.

Marketing

It makes sound business sense to try to capture a large proportion of the available market. Railtrack's market consists of the train operating companies and freight companies. In the case of the train operating companies, Railtrack also needs to consider their customers' needs (i.e. rail passengers' needs). Marketing involves identifying and anticipating customer requirements and then formulating the right marketing mix (product, price, promotion and place) to satisfy these needs.

Since privatisation, Railtrack has carried out extensive marketing activities and has engaged in communications activities (e.g. advertising, publicity and public relations) to ensure that the messages about rail improvements were reaching the target audience.

Rail investment, therefore, needs to be built on extensive market research and detailed analysis of this research. It is important to devise a marketing mix which supports product improvement.

one of the most sustainable forms of transport available in the UK today. It is generally accepted as being more 'environmentally friendly' than most other forms of transport. For example, rail travel is more energy efficient, creates lower noise levels, fewer emissions and less congestion.

The environment

The environmental impact of new investment projects is a key area requiring control. New procedures have been introduced to ensure that all projects consider environmental issues at the outset and plan to manage any risks identified. Environmental Statements which document the assessment of the environmental effect of new projects such as Thameslink 2000 and the West Coast Modernisation Project have to be submitted to the Government.

Safety

Safety is a priority for any business and even more so in the transport industry. New investments in the rail transport field should always aim for the highest standards of safety. Currently, railway has the enviable record of being the UK's safest form of land transport (it is now 22 times safer on average to travel by train than by private car), but accidents can and do happen. The most common cause of train collision and derailment is signals being passed at danger.

Railtrack has therefore invested heavily in improving and updating signalling facilities and is constantly seeking ways of eliminating potential sources of risk and danger.

Page 6: Conclusion

Railtrack 4 Image 3It is essential for business organisations to establish the key points of difference between what they have to offer and what competitors are offering. In the case of the railways, there are a number of possibilities including:

- our railway heritage
- the comfort of rail travel
- the speed of rail travel
- safety
- sustainability
- avoidance of stress.

These and other factors need to be weighed up in supporting the case for new railway investment.

MAJOR FEATURES OF THE DISTRICT:

Lagos District

Lagos District is one of the 7 Districts of the Nigerian Railway Corporation. It has its District Headquarter at Ebute Metta Junction (Alagomeji Bus Stop). The District covers a distance of 43km on the mainline (Iddo - Ifo Junction), 87km on (Iddo - Idogo) and 48km on (Apapa - Ifo Junction). The District which covers Lagos state and southern part of Ogun state, has a total of 15 stations on the main line and 10 stations on the branch lines.

Northern District

Northern District, with the Headquarters in Zaria, is one of the seven Districts that constitute Nigerian Railway Corporation (NRC). It has a total route kilometrage of 712km, spanning from Kakau-Nguru (on the Western Line/Axis), Kankomi-Kaduna Junction (on the Eastern Line/axis) to Zaria-Kaura Namoda (on a branch line). Out of the 36 states and FCT of Nigeria, the District covers a total of six states namely: Kaduna, Kano Katsine, Jigawa, Yobe and Zamfara States.

Districts

The Headquarters of Nigerian Railway Corporation is located at Ebute-Metta in lagos while the entire network is, for administrative conveniences, divided into Seven (7) autonomous districts viz: Lagos (Ebute-Metta Junction), Western (Ibadan), Northern (Zaria), Eastern (Enugu), North Western (Minna), North Central (Kafanchan and North Eastern (Bauchi).

DISTRICTS AND DISTRICT MANAGERS

District	Railway District	Location	Kilometreage	Boundary	Major Railway Stations

	Manager (RDM)				
Lagos	Paul O. Ndibe	Alagomeji	43 44	Iddo/Apapa-Ifo Jn. Ifo Jn. - Idogo	Iddo Terminus, Apapa, Agege, Agbado, Ijoko
Western	Engr. F.R. Gbadamosi	Ibadan	436	Ifo Jn - Onipako	Abeokuta, Ibadan, Offa, Ilorin.
North Western	Yakub Mohammed	Minna	411	Onipako - Kakau	Jebba, Mokwa, Minna.
Northern	Engr. Adekunle Ayeni	Zaria	466 211	Kakau - Nguru Zaria - Kaura Namoda	Kaduna, Zaria, Kano, Nguru, Funtua, Gusau, Kaura Namoda.
North Eastern	E.N.Gbuku	Bauchi	640	Maiduguri - Kuru	Maiduguri, Bajoga, Gombe, Bauchi.
North Central	Felix Erondu	Kafanchan	518 179	Jos - Igumale Kaduna - Kafanchan	Jos, Kafanchan, Lafia, Makurdi, Oturkpo.
Eastern	Felix C. Njoku	Enugu	320	Igumale - Porthacourt	Enugu, Umauhia, Aba, Porthacourt.

This District, is one of the two districts (the other one being North Central District/Kafanchan), that has the peculiar feature of serving the two railway main lines (i.e Western & Eastern Lines of Nigerian Railway System), with Kaduna Junction Station, under its jurisdiction.

It has a big Diesel/Electric Locomotive Workshop (in Zaria), where major overhauls of locomotives can be undertaken. It has the capacity to do this and meet i.e. needs of adjoining Districts (e.g. North-Western and North-Eastern) in terms of locomotive availability and function ability.

It has a big carriage and wagon workshop (in Zaria), where overhauls of rolling stock can effortlessly be undertaken.

It has three (3No.) Running Shed (in Kaduna, Zaria and Kano Station) where running repairs of trains are done.

It has an industrial hospital, that is NHIS-accredited (i.e. National Health Insurance Scheme) to meet the medical needs of railway staffers, their family members and outsiders as well.

BUILDING AN AFRICAN INFRASTRUCTURE

FINANCE & DEVELOPMENT, December 2011, Vol. 48, No. 4

Paul Collier

Key political decisions are needed to build critical rail networks for a continent well suited to them

TAZARA train leaving Dar es Salaam, Tanzania.THE coming decade could be Africa's opportunity for investment. Globally, there is a massive pool of investable private resources. Prospects in the advanced economies look bleak, and in the major emerging economies—the so-called BRICs: Brazil, Russia, India, and China—the future is looking more uncertain. Although Africa is not immune to global risks, its continued growth is likely to rest on the potential for further resource discoveries and for commercial cultivation of its vast, underused agricultural land.

New transportation infrastructure is vital to harness these two potential sources of growth. At the top of the list is the classic form of economic infrastructure: railways.

The continent is a huge landmass, well suited to railroads. Yet during the past half-century Africa's rail network, never very extensive, has shrunk. Even the United States, a huge landmass with relatively low population density, has one kilometer of track for every 43 square kilometers of land. By contrast, Nigeria, home to one-fifth of the population of sub-Saharan Africa and one of its most densely populated countries, has but one kilometer of rail for every 262 square kilometers. Nigeria is not atypical: by radically reducing transportation costs, railways could open up vast tracts of Africa to economic opportunities, especially in agriculture and mining, which many countries are relying on for future growth. The continent needs a decade of massive investment in rail networks.

Politics at play

Railways are hardly technologically challenging. They represent the oldest continuous industrial technology. Africa's lack of railways compared with other regions is primarily a consequence of politics. Although railways are technologically simple, they are politically complicated—for three fundamental reasons:

• Railways are a primary example of a network industry. The key feature of a network industry is that its operations are so interconnected that it is more efficient to run it as a single entity. This presents an unavoidable role for public policy: how to manage a monopoly provider in the public interest.

• They are a classic example of high fixed costs relative to operating costs. In the parlance of economics, the marginal cost—the cost of producing one more unit—is well below the average cost. For social efficiency, prices should be set around the marginal cost, but for an activity to be commercially viable prices must at least equal the average cost. This tension in pricing calls for a political solution: typically either a subsidy from the government or cross-subsidization from users who are not very price sensitive to those who depend on cheap rail service.

• The mainland continent of Africa is split into so many countries that inevitably rail lines need to be international, especially because many of the countries that would benefit most are landlocked. Yet a transnational network investment is potentially at risk from each national polity. Indeed, each time rolling stock crosses borders a valuable asset moves into a new jurisdiction.

Because African governments have yet to tackle these three political challenges, the African rail network remains inadequate.

Organizing a network industry

Railways are not the only network industry. Telephone service and electricity are other important examples. In Africa phone networks are usually provided by the private sector but subject to regulation; electricity is usually in the public sector and run as a public monopoly. A rail network could be run under either of these models. However, in Africa public ownership and management of the rail network is unlikely to be the best approach. Governments have so many other pressing needs that they cannot afford to finance the huge cost of a rail network—new or rehabilitated. Furthermore, African governments' resources are already stretched so thin from management of their core functions that peripheral tasks are best organized by the private sector.

The Tanzania Zambia Railway Authority (TAZARA), the rail link between Zambia and Tanzania built by China in the 1970s, offers a salutary lesson. TAZARA today barely functions. Building a line is not enough; it must be well managed and linked to potential commercial users. Currently, many African governments could get financing for more such Chinese-built lines in exchange for mineral concessions, but granting mineral concessions means mortgaging Africa's limited wealth and should not be done lightly.

Africa's particular needs suggest that a rail network should be a regulated private monopoly, with both financing and managerial expertise from a private company. But regulation poses difficulties that may be insuperable. It is not possible to anticipate all eventualities: presenting a public rail regulator with a set of agreed rules to be implemented is not enough. To cope with unforeseen circumstances, the regulator must have some discretionary room. But in African governance environments such discretion would likely kill private investment. With the region's reputation for corruption, even an honest regulator's decisions would be subject to allegations and expectations of bribery. Once a regulator is given the power to set prices that could bankrupt either the railway company or its customers, neither group would be willing to risk investment.

Fortunately, there is a viable alternative to a domestic regulator with discretionary power—namely, an international dispute settlement board whose members are approved by governments, investors, and customers. This is a standard means of international contract enforcement, and indeed one commonly used both by foreign investors in China and by Chinese investors in Africa. The record of these boards is good. Despite frequent findings against governments, there is a high rate of compliance with decisions. Before investment, a government, an international rail investor, and commercial rail users can negotiate a mutually satisfactory agreement and lock it in by including a contract clause that refers disputes to such a procedure.

Differential pricing

As noted above, because the fixed costs of rail investment are so large, marginal costs are substantially below average. This would generally argue for public ownership, with government using tax revenues to subsidize the fixed costs of the network to keep the price to users around the marginal cost. The importance of such low pricing is not just hypothetical. Although rail networks can open up huge tracts of little-used land to commercially viable agriculture, the amount of usable land is likely to be highly sensitive to transportation costs.

While marginal cost pricing would be very helpful for opening up African agriculture, African governments are in no position to finance such a subsidy. Indeed, even if a government were to provide a subsidy, it might actually deter investors because of the government's limited long-term credibility. Neither potential rail operators nor potential commercial farms would trust a government commitment to a long-term subsidy.

As with regulation, there are feasible alternatives: price discrimination among users is one. Price-sensitive users can pay only marginal costs, if higher-profit industries less sensitive to transportation costs pay more. In Africa, rail networks have two principal potential users, mining and commercial agriculture.

Many natural resource discoveries will be far from coasts and will require lengthy rail links to move ore to ports. Without these rail links vast tracts of underused land would have no commercial value. The core economic challenge is to organize the rail network in a way that meets the needs both of the extraction industries and of agriculture.

Mining operations require railways and ports. Were there no agricultural users, the mining companies themselves could finance the rail network from some of the high profits generated by extraction. As long as these rail links serve agriculture and resource-extraction users, agriculture need pay only the marginal cost of operation. In effect, the differential profitability of mines and agriculture creates the potential for price discrimination between them.

Mining companies, eager to open up resource-laden lands, have offered to set up such railways, even though these companies are not likely to welcome or desire multifunctional use of the rail network. Mines are accustomed to dedicated services. With the price for agricultural users set close to the marginal cost, the hassle for the mining company of serving other users would far outweigh the benefit from the revenue. For governments, however, a multiuser rail network is very desirable. Especially in light of the uprisings in north Africa, the imperative across the continent is to generate jobs.

Modern mining, which is becoming increasingly capital intensive, generates few jobs and is often damaging to the environment. As a result, the local population may see few direct benefits from mining operations alone. But commercial agriculture can generate both mass wage employment and opportunities for small farmers—a large constituency that will benefit from a rail network made viable by resource extraction.

Who will run the railway?

Such a multiuser rail infrastructure, while attractive, is organizationally demanding. Who will run it? As noted above, it would be beyond the core competence and natural interest of a mining company to run a railway that prices its service for farms at their marginal cost. As a result, even if a mining company were to provide such rail service, farms would likely mistrust it because of its peripheral nature for the mining company. Further, resource endowments are unlikely to be discovered all at once. A single rail company would, in effect, have acquired the exclusive right to any undiscovered minerals. Other resource-extraction companies would not be likely to explore if they had to depend on the single rail company to ship their ore. In that situation, the government would have radically less future bargaining power over mining concessions.

Yet, as already discussed, government control is probably not a good solution either. A third-party commercial operator with core competence in infrastructure but without mining interests appears to be the most credible option. All rail contracts would include an agreement with the government and commercial users—enforced by reference to a dispute settlement board—that builds in price discrimination. The agreement would ensure that the difference between average and marginal costs is covered by the high profits of natural resource extraction, with agriculture charged only the marginal cost.

Such contracts could provide the underlying security needed for a rail company to raise sufficient money to build a rail network, ensuring recovery of the initial investment from income generated by resource companies. Conversely, it would reassure resource-extraction companies of consistent railway service free from political motivation, and commercial farms would be assured low-cost transportation to market.

An international rail line

In many cases the track of African railways must cross national borders. For example, South Sudan, Uganda, Rwanda, Burundi, Zambia, Malawi, and the eastern Democratic Republic of the Congo all need rail links to the coast of east Africa—through Kenya, Tanzania, and Mozambique. Similarly, the most efficient route to the coast from eastern Guinea, which has many valuable minerals, is through Liberia. Yet for the past half-century the governments of these countries have not sustained the necessary political cooperation to make such transnational lines work.

If a rail line is transnational, pricing issues become more complex. For example, the natural resource may be in one country (at the rail head), while most of the agricultural land to be opened up may be in another country. Moreover, because much of the output—ore or agricultural—is for export, the monopoly position of the port gives the government of the coastal country the ability to negate a pricing agreement confined to rail charges by inflating port charges. Another complication occurs because the rolling stock keeps crossing borders. Unless there is a coordinated approach to legal recourse, the engines and cars cannot be used as collateral for loans, which will make the financing cost unnecessarily high. Finally, because the goods transported by the railway cross borders, they are vulnerable to delays because of slow or predatory customs procedures. Hence governments must make credible commitments to maintaining the free flow of goods in transit.

For a transnational rail line to be commercially viable, the risks for investors and customers must be addressed at the start of negotiations. In effect, the governments involved must agree in advance to a limited but clearly specified degree of pooled sovereignty. An intergovernmental rail authority must be established that has sufficient power to negotiate credibly with a rail company and its commercial users. Clearly, the decision to set up such authorities is beyond the realm of ministers of transportation and rests with presidents and parliaments.

The way forward

After half a century of neglect, it is tempting to resolve the need for rail investment by succumbing to the offers of mining companies. While that would undoubtedly get railways built, it would come with two hidden costs. Once a particular mining company owns a rail network, other mining companies will be reluctant to be depend on it, which would give the network builder enormous bargaining power with respect to future resource discoveries. Governments tend to look at the short term, but mining companies have learned to consider the long term. Further, mining companies have little interest in multiuser railways. They are liable to regard low-value agricultural users as a nuisance. In contrast, governments have an overwhelming interest in ensuring that rail networks serve many users. During negotiations, mining companies will doubtless tout their willingness to provide comprehensive rail service to all, but afterward governments may be in a bind if a mining company finds so-called facts on the ground that it says prevent construction of a multifunctional railroad.

In the scramble to negotiate mining deals, African governments risk missing a historic opportunity to transform the transportation arteries of the continent. The past impasse over rail provision did not stem from a lack of financing, but from inadequate political design. Because railways are network industries, they cannot be kept in check by competition nor—because of deficiencies in African governance—by regulation. The solution is to write contracts subject to dispute settlement boards. Because railways have high fixed costs, social efficiency will require subsidies for price-sensitive users. Subsidies cannot come from cash-strapped governments, but can be achieved through price discrimination. In Africa, rail arteries must be transnational, which can lead to intercountry disputes and holdups that would deter private investment. Yet these risks can be addressed by subregional rail authorities with decision-making power.

Africa's current generation of political leaders has the opportunity to open the physical geography of the region. The decisions they must make are complicated, and much is at stake for the economic well-being of the continent. But forewarned is forearmed.■

Nigeria: FG Seeks Private Partnership in Railways Development (http://allafrica.com/stories/201305271278.html)

Lagos — Managing director of the Nigerian Railway Corporation (NRC) Engr. Seyio Sijuwade, has said the corporation will partner private investors on a public private partnership (PPP) arrangement to move the sub-sector forward.

Sijuwade said this at a press conference in Lagos. He said PPP has become necessary because of the huge investments needed in the railway sector which government cannot afford.

He however noted that the investments by private concerns will be financially rewarding to the investors.

"We have reached a point which is now so obvious that government alone, in view of all the constraints we have, most importantly funding, cannot just take full course of where we need to be in terms of what it takes. For me, we are ripe often for that and over the next few months, you are going to see quite a lot of private sector participation in moving NRC forward," he noted.

According to him, the NRC "wants to make the rail system the most effective means of transportation."

Engr. Sijuwade noted that the NRC has finalized the presentation of the Outline Business Concept (OBC) on the completed Western Line (from Lagos-Kano) and the Eastern Line from Port Harcourt to Maiduguri that is still being rehabilitated, adding that a transaction advisor will soon be named on both critical lines.

He also said the Railway Bill to amend the existing Act has been approved by the National Council on Privatization and would soon be sent to the National Assembly for consideration. The Bill if passed into law hopes to revolutionised the Nigerian railway space as private investors will have access to invest in the Nigerian railway. The current Railway act, enacted in the 50s makes private investments in the sector nearly impossible.

The NRC boss said the Lagos-Kano line currently moves in excess of 16,000 passengers weekly.

The Lagos-Kano-Lagos train service which moves once per day, moves about 2,500 passengers per week; while the Lagos-Ilorin-Ilorin train service which travels three train services per week moves about 6,200 passengers per week.

http://www.punchng.com/business/financial-punch/nrc-private-investors-to-begin-joint-railway-services/

The Nigerian Railway Corporation has finally opened its doors for private sector participation as it unveils plans to link the nation's airports, seaports and other areas by rail, RASHEED BISIRIYU reports

The much talked about commercialisation of railway operations has commenced in earnest as potential service providers are now being considered to take part in key business areas.

The commercialisation process, taking place alongside the modernisation of existing railway facilities and the construction of new lines, is expected to lead to total privatisation of the railway transport system.

Although the Managing Director, Nigerian Railway Corporation, Mr. Adeseyi Sijuwade, said on Sunday that the involvement of private investors in the running of train services would only start by the end of the year, a number of auxiliary railway services had already been outsourced to private operators to enhance their operational efficiency.

The Federal Government had indicated plans to link the rail transport mode to all state capitals, other major cities, airports and sea ports.

But it had attributed the poor performance of the 115-year old NRC over the years to poor funding, insufficient locomotives, coaches and wagons.

The corporation has also groaned under obsolete machines and workshop equipment with porous rail corridors, inadequate and ill-maintained level crossings since the exit of the colonial masters that built the railway primarily to serve the purpose of moving Nigerian resources to the ports for exportation to their home country.

But Sijuwade said the NRC had decided to outsource railway support services to private firms as the first phase of the commercialisation programme, adding that the decision had enabled the corporation to focus on its core business of running trains.

He listed the auxiliary activities as onboard cleaning of passenger trains, cleaning of train stations and onboard catering services.

He also told our correspondent on Sunday that the selection of a Transaction Adviser for the entire Public-Private Partnership programme would be concluded at the end of the month.

The Transaction Adviser, he stated, "Will work with NRC in structuring the PPP transaction and then commence the selection process for private sector partners for warehousing; supply and management of coaches and wagons, starting from end of this year."

Facility management of all major train stations, ticketing service, as well as park-and-ride are other activities listed under the outsourcing plans in the first phase of the PPP deal.

The NRC boss also hinted of plans to remodel the train stations before the end of the year as part of the second phase of the PPP arrangement.

"Again, it is expected that remodelling and redevelopment of major railway stations will start before the end of the year," he said.

A document showing details of the PPP programme and obtained by our correspondent on Friday at the NRC head office, Lagos, indicates that the supply and management of passengers coaches, goods trains, loading and off-loading of goods and warehousing will be executed under the design, build, maintain, operate and transfer arrangement.

The second phase also accommodates the plan by General Electric to set up a locomotive assembly plant in Nigeria.

The Federal Government and GE had earlier signed a Memorandum of Understanding on the project.

Already, a railway bill that will give legal backing to the entire PPP arrangement has been approved by the National Council on Privatisation, the NRC boss said, adding that it would soon be sent to the National Assembly for consideration.

The document also showed a number of actions already taken or approved to make the PPP programme work.

They include the refurbishment of 350 wagons and 120 coaches and procurement of 20 oil tank wagons in 2012; the placement of order for additional 20 oil tank wagons for delivery in July 2013; procurement of two units of 100-tonne telescopic cranes, one of which has been fully installed and the other awaiting clearance at the port.

Others are procurement of four units of 60-tonne overhead cranes, three rail inspection vehicles, five rail recovery vehicles and four CNR locomotives that will arrive in July.

Six units of 68-seater modern coaches and two sets of diesel multiple units are also expected to be delivered by December.

Apart from the Lagos mass transit train, the weekly Lagos-Kano train service has just been restored following the rehabilitation of the entire narrow gauge rail line with the renewal of its signalling system.

And barring any change in programme, three contractors currently working on the rehabilitation of the eastern rail tracks at a cost of N67.3bn are expected to complete the project by the end of the year.

The contractors are ESER Contracting and Industry Company Incorporated of Turkey; China Gezhouba Group Corporation Global Projects Nigeria Limited and Lingo Nigeria Limited.

The NRC boss also named some other approved train services scheduled to commence soon to include the Port Harcourt-Aba passenger train; Kano mass transit service (currently being test-run); and Inland Container traffic train; and Nigerian Breweries traffic train.

Others are CRCC ballast (APQ-APL) train; CCECC ballast (SU-EBJ) train and Total Petroleum traffic train.

It was also learnt that out of the 15 different railway projects listed for execution between now and 2015, 13 would receive attention this year.

Top on the list of projects in this year's budget is the construction of the new Lagos-Ibadan rail line on standard gauge.

The plan is to take the new line to Kano running alongside the narrow gauge.

The Minister of Transport, Senator Idris Umar, had last year announced that the contract had been awarded at the sum of $1.5bn.

This is the first time at private business operators will be involved in the railway.

For about 115 years, the business of running railway services had been the exclusive preserve of the Federal Government as enshrined in the Railway Act of 1955.

The new legislation, according to Sijuwade, will replace the old Railway Act.

This, he stressed, would take care of funding and effective management.

According to him, more funding is required to complete the rehabilitation of the western and eastern rail lines, and continue the modernisation projects, which the government cannot shoulder alone.

The procurement and rehabilitation of old locomotives and other rolling stock, along with maintenance equipment rehabilitation, are also vital things that will keep the railway operation going and in line with practice of other civilised nations, he added.