Transcript

Opportunities for Financial Services in Nigeria, Angola and Ghana

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Henry Bellingham:
It gives me very great pleasure to introduce our speakers this morning. But before doing so I’d just like to say a couple of points. First of all, this is on the record, this meeting. It was going to be under the Chatham House Rule but for a number of reasons it’s going to be on the record. Secondly, we want to try and finish by 11.30am so that we can continue the dialogue with the speakers and have coffee and refreshments at that stage. So if I can ask our speakers to be about seven to ten minutes, leaving plenty of time for questions.

It gives me very great pleasure to introduce first of all the Rt Hon Lord Mayor of London Alderman Roger Gifford, who is following in the footsteps of really quite extraordinary energy and indefatigable engagement in terms of his travel, and he has already been to a large number of countries – of course he is very well travelled anyway – but he has recently been to Ghana, Nigeria and Angola on one trip, and I found it difficult enough when I was a minister to do one of the countries as a freestanding visit and not coming back totally exhausted. But to do all three of them – and I’ve heard about your programme in those countries and it was extraordinary what you achieved, and the number of people you saw, and the amount of ground you covered. So we are really looking forward to hearing what you’ve got to say about those three countries, but also I think maybe some words of reflection as well about the opportunities as we see them and how Britain should capture those opportunities. So Roger, over to you and thank you very much indeed for coming.

Roger Gifford:
Alex, chairman, ladies and gentlemen. Thank you Henry and thank you Peter, our deputy high commissioner in Lagos. Thank you very much to everyone in Angola, Nigeria and Ghana but also those who came on the trip and made it really, really fun; one of the most enjoyable foreign trips I’ve had so far with a really good bunch of people who seemed to meld together and get on very well and that was tremendously useful from the point of view of sharing ideas.

These were three very different nations all along the path of development and at different stages, each making huge progress and fast-growing, and each with great potential for partnerships with the UK and the City. If I was to summarize I’d say that there are of course challenges there as well, but the opportunity for British companies to get out there and see for themselves the situation and seize the opportunities were great, and we issued a number of
invitations, particularly in Nigeria and Ghana, to counterparts to come back and visit us here, specifically [Babatunde] Fashola and around the Stock Exchange. But we’ll come onto that.

The challenges are also there of course: there’s clear evidence of institutional and capacity constraints. They make doing business in the region particularly difficult. Politics, as ever, raises its head everywhere – Angola being different naturally because of the Portuguese background – but for that reason also being very receptive to having more of an influence from outside, from Great Britain. Not that they were fed up with Portugal, but just that there was a very strong feeling that they would welcome another influence coming in. Making that happen is hard to do, but we felt it strongly.

We did hear quite a lot of disappointment that UK firms are not more actively and more prominently engaged in looking at opportunities. When you consider that, you can see it both ways of course. You can see both that they’re genuinely disappointed that there aren’t more British companies there because there is a lot of goodwill towards the UK in all three countries, but it’s also that maybe Britain’s achieved something of a starry status particularly for those wanting to come and live here, so there’s a concentration on Britain as a great place to come and work, and therefore more contact with Britain would be nice too. But generally, particularly the UKTI (UK Trade & Investment), bore out the feeling that: lots of goodwill towards the UK, not enough visits by UK companies.

Some of the key competitors, notably China, but also America, France, Germany, India, Pakistan and Turkey were all mentioned as being well-established in the region and are more aggressively successful in exploiting commercial opportunities. So again the general message: we have the skills, we have the expertise, we have the goodwill – we just need to get out there.

A very similar message came from Mexico yesterday – and I don’t know whether it’s a general pattern, Henry, that you would be more informed than I would be to comment on – but again the feeling from there was that we are slightly seeing a stereotypical image of Mexico when we look at that country. And maybe it’s a little bit the same with parts of Africa: we are influenced by press stereotypes rather than getting out there and seeing for ourselves.

So we felt that we have to step up our game; we have to get our boots on the ground to assess risks more effectively, and look forward to taking opportunities. There is great scope for the City of London in that. Actually, I think the City of London, particularly the law firms, the accountants, some of
the trainee bodies in the banks, are ahead of the curve in terms of penetration.

In every country there is normally a Barclays or a Standard Chartered, and normally one of the law firms is there, and the Law Society has visited fairly recently and Institute of Chartered Accountants in England and Wales (ICAEW) and others are making inroads. So actually I think from a City perspective we can take a little bit of comfort that generally they’re more present perhaps than some companies are, or at least some sectors of industry are. So there’s a lot to go for, but there’s a lot for the City to do as well.

Angola’s huge natural resources, wealth and strong growth point to very significant opportunities. There are a number of the oil companies already there, very active and they have made inroads, BP in particular. The government in Angola is committed to invest in rebuilding a very depleted infrastructure. Constant discussion about the cost of tomatoes: somewhere between $8 and $30 in the supermarket, depending on where they’ve been imported from, because so little of the local grown produce gets used up immediately in the regions and therefore, because of the minefield situation and the lack of investment in agriculture, tomatoes are imported. So the price of tomatoes is an important indicator for the future of Angolan ease of access.

The government is committed to heavily rebuilding infrastructure, a lot of that in roads, railways, ports and airports, power, electricity, water, schools and hospitals, as well as diversifying the economy away from the dependence on oil. I’m sure that sounds familiar to all of you who know Angola; it’s then a political process, money and power to get the whole thing to happen. But there’s a great willingness of course in the government to do so, an open path to do so, an open path for UK companies to get involved in those specific areas: roads and railways, ports, airports, power, electricity and then infrastructure in schools and hospitals.

Financial services we felt remained very much in their infancy, which means we can support them from the bottom up in building international partnerships. Banking, insurance, savings and pension products are all pretty much far behind the curve. Banking perhaps better than some; very strong links with Portugal of course which are good, but plenty of opportunities for UK companies too.

There is a strategic plan to create a secondary and corporate bond market to regulate the markets more effectively. A Eurobond issue was just mentioned as something they would like to do. There is a fledgling sovereign wealth
fund. Do go and visit them, they have the best goodies of all companies we went to see: fantastic little travel power units that you plug into your computer. I don’t mean to be trivial but it’s very worthwhile seeing Angola’s sovereign wealth fund. They’re up and running, they’re getting going and they are well worth a visit.

A great deal remains to be done to create the conditions to encourage growth in domestic savings especially – and this is a familiar story I suspect in many emerging markets and certainly true in Angola – but with its natural wealth there are great opportunities in that area too: savings, pensions.

I think Angola is a market that British business must go in with its eyes open – and this is a cliché, a bit of a euphemism for saying: there are plenty of risks, but nonetheless the opportunities are really there. The returns for those prepared to commit to the medium to long term are potentially very great.

Perhaps one of the first steps that we can take together is in building up capacity. We visited a very impressive training centre for banking and corporate governance and risk called BIA training centre, one of the bank’s training centres. Very impressive indeed and one learned quite a lot from that visit.

There’s also an International Lawyers for Africa group which is clearly getting going and I think that could add a lot to the corporate governance and the rule of law aspect of law in Angola. And of course the ICAEW who were meant to come on this trip and unfortunately couldn’t – they have plenty to add in the training and qualifications fields too. So those alone could make a great British contribution to what’s happening.

Nigeria is growing fast of course and as you know it’s a very young population, dynamic middle class, its credit rating was raised last year to BB- – it’s a country on the move. Public finances remain fragile, national infrastructure is seriously inadequate and there are abiding concerns over corruption, governance and security. We were told beforehand that corruption in the oil industry has fallen from 95 per cent of the industry to 90 per cent of the industry. That was a bit of a joke perhaps but nonetheless there are still enormous problems, mostly in the oil sector. When we arrived, the ambassador said, ‘It is possible to do business in Nigeria within the terms of the UK Bribery Act.’ So we felt encouraged by that! But I think what he meant is that certainly outside the oil sector, and maybe within the oil sector too, there are lots of areas where it’s absolutely possible to do business and we should not be shy about coming forward and looking at those.
Governance and security especially, yes, there are concerns, but frankly there can be in London too, so let’s get out there and explore them, particularly infrastructure, the power sector, water supply and transportation – wide-scale privatization in the power sector for those with the inclination and the money to invest, including the electricity grid. Improvements in the transparency and efficiency and the process and expanded use of PPP (public-private partnership) is very much in hand, was discussed in several places. There’s still quite a lot of scepticism about the correct balance of risk in PPP projects, so I suggest for the lawyers and accountants among us who have very good experience of UK PPP, do engage, there’s plenty of appetite for it, it’s just that the government doesn’t feel it’s being disadvantaged constantly by aggressive private sector ambition.

Huge ambitious development projects in Abuja and Lagos: the massive Eko Atlantic reclamation project which we circled by boat and then walked on in our boots. The ministers we met all urged UK businesses to become more prominently involved. There’s a massive project down there at Eko Atlantic. The main challenge there will be power. There’s a site at the end of it all as you may recall for a massive power station to be put. Getting that investment and getting that built will be one of the main challenges. Similarly in Abuja there was just enormous desire to see that city transformed into a world city by 2020. It wants to be one of the top 10 world cities by 2020, that’s the ambition.

Diversification away from dependence on oil was discussed quite a bit – agri-industry, creative industries, financial and professional services offering opportunities – but as I say power remains one of the most important challenges to solve, and we hope that a power mission will come from here to Nigeria later this year.

Many opportunities in Lagos itself: we have invited Governor Fashola to come over later this year. He identified specific interest in transport: ferry terminals, water taxis, integrated ticketing systems, security arrangements and policing, development of ICT and related cultural industries, sports facilities, infrastructure and training. You name it, there is an opportunity for a British company out there. It’s just a list of things they want to be done. So we have invited Fashola over later this year; we’ll see whether he comes or not. Very keen that he does because I think having him as a very credible and good interlocutor would be great for people to come and see and hear from him directly.
Nigeria has got well-developed capital markets, a vibrant stock exchange. The day I was there I bonged the cowbell, the market went up three per cent. Very good opportunities there as well: the London Stock Exchange is doing great work with Lagos. There’s a good discussion about potential dual listings with Lagos and London. If that happens that will be a significant fillip for Nigerian companies wishing to list and raise money abroad. As you know there have been quite a few Nigerian companies already coming on to the stock exchange; we hope that will continue.

Ghana: noted for its political stability, natural advantages of peace, democracy, literacy and geography, and indeed it was a delight to be in Ghana. It’s a lovely country, and we had that feeling of stability – that is not necessarily, *not* there in the other countries, just it was particularly there in Ghana. We encountered widespread optimism, confidence in the direction and drive of the new government’s policies and the country’s prospects.

The authorities are very keen on PPP. There’s an openness to PPP, perhaps less scepticism about it. The development of major infrastructure projects, value-enhancing activities, downstream oil processing – lots of course in the oil area where Tullow has been very active. Further pressure required to get draft enabling legislation enacted. In Ghana perhaps the political processes were particularly acute, I felt. Further privatization, greater equity issuance and development of the corporate bond market will help to develop the capital markets; all of those have real potential. And again, we heard calls for more aggressive and strategic engagement by UK firms.

It was generally a very enjoyable visit overall in all three countries. I think we saw the listing of Lekoil very soon after we came back which was great, joining Zenith and Eland Oil and Gas within the last few months.

I think one of the most striking examples of potential was in Ghana when we went to a cocoa bean plant on the one hand, and the Blue Skies operation on the other. If you don’t know these two, the cocoa bean plantations are still very much run by poverty-struck villages which are not at any stage of development. They often don’t have running water; it’s a state-run monopoly effectively on the cocoa bean production. Why don’t they have their own downstream chocolate manufacturing companies there? They do, but it’s a difficult business competing with the marketing and the budgets of Lindt and Nestlé. That’s on the one hand, versus Blue Skies, a British company which has developed a fruit packaging company in the middle of Ghana, and it is concrete houses with running water and electricity versus mud huts and very basic accommodation. The contrast of the value added in the Blue Skies
where they package their fruit, take it down to two degrees, stick it on a plane and send it to Waitrose for the next day – a brilliant operation, you see it there in the middle of the country saying ‘Waitrose: 25p’ and it’s quite impressive, on the tables, on the shelves by the next day. Several of those types of operation there adding the value, keeping the value in the country rather than exporting it to Belgium or France or Switzerland to have the value added there.

We had a very good meeting with the president of Ghana who came in through Mansion House last week. We were able to consolidate relationships there and we are looking to delivering some events in the autumn with him and with Ghana to carry on that dialogue.

UKTI, I have to say, do a fantastic job. Any of you who don't know the UKTI well enough: get stuck in, they're great. They were terribly helpful and made a contrast with what I remember 15 years ago when they weren't. But I thought they were absolutely fantastic. The Foreign Office was focused, really energized I think, by the visit, of seeing ministers going out there – and we can’t rely on cash and goodwill of the UK alone. We’re known for quality, but the need to get out there and sell I think was the overall message.

**Henry Bellingham:**

Thank you very much indeed Roger for that, I would certainly endorse what you said about Blue Skies. I visited Blue Skies who are a really good example of a UK company that seized the opportunity but is adding value to products before exporting them to Europe, and I agree with you with what you said about UKTI: under Lord Green they are doing really quite a superb job.

It gives me great pleasure to introduce my colleague Richard Fuller who is the MP for Bedford. In a previous incarnation he worked in the City in venture capital, but has been, since he came into the house, a very great supporter of Nigeria. When I was the minister, he gave me a great deal of support on building the bilateral relationship with Nigeria, but putting particular focus on small and medium-sized businesses (SMEs), and SMEs are his passion and since coming into parliament in 2010 winning the seat at Bedford. He is one of the stars of the new intake and it gives me very great pleasure to introduce Richard Fuller.

**Richard Fuller:**
Ladies and gentlemen, chairman and Lord Mayor, I would just like to say a word of thanks to Henry and to my other parliamentary colleague Meg Hillier who is the chair of the All-Party Group for Nigeria, for encouraging me to pursue and write a report on unlocking Nigeria's entrepreneurial potential. And having thanked them for the encouragement I’m now going to absolve them of any responsibility for what I’m about to say. I’m at the stage of creating some recommendations for various parts of the UK government, but today if I may I want to focus a little bit on some of the data and background to those recommendations.

Let me just start with a bit of political philosophy that I believe passionately: developing small and medium enterprises is important to both Nigeria and to the UK and to other countries, because it’s entrepreneurs that create the wealth that generate the taxes that pay for the public services that we all want. And it’s entrepreneurs and their activities and their values and their outputs that are the bedrock of democracy.

For me there are two key questions that I wish to pursue that were facing Nigeria. And the first was: is the economy at a point where market-based economic development will become self-reinforcing? I think that was particularly important in a country whose economy has historically been, if I could use a shortened term, an oil-based rent economy. And then secondly: are the regulatory, financial and skills constraints to the growth of small businesses in Nigeria being lessened, such that the economic development can be realized on a broad scale rather than a narrow scale?

Recent growth rates in Nigeria, particularly non-oil growth rates in excess of eight per cent, are a cause for much hope. Of course there are significant challenges, and people in this room will be as familiar if not much more familiar than me with those challenges. A particular concern in this context is the point that the lord mayor made, which is the large and burgeoning youth population which is commonplace across sub-Saharan Africa but is particularly strong in Nigeria, and the recognition in official statistics of increasing unemployment, which I think in the last five years has grown from 12 per cent to 24 per cent. Now statistics always can be somewhat misleading, and particularly in this context we have to be cognizant that some of that is people moving from an informal economy to a formal economy. Nonetheless, the combination of a large number of young people and high and increasing rates of unemployment creates an enormous challenge for any economy.
In 2010 the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) undertook a survey of micro, small and medium-sized businesses, and this is where some of the statistics are going to come in. That survey found 17 million micro businesses – that is businesses with fewer than 10 employees – 21,000 small businesses and 1,600 medium-sized businesses, which would have up to 200 employees. By way of comparison, in the UK there are 3 million sole proprietorships and 1.8 million small companies and partnerships. So what you can see is, in relative terms, Nigeria’s small business community is a micro-business community. Some time over the next 10 years, the economy of Nigeria and Lagos will transition from a micro-based business economy into a small business-based economy. That has implications for employment and employment law, it has implications for taxation, on how the state governments can raise taxes from its employers, and it has implications for the development of skills. As you move beyond a micro-business where it is just you to a broader scale business where you have five or 10 employees, you have got to learn how to skill up your employees. A whole new range of business challenges will face small businesses in Lagos and Nigeria as it moves and becomes more formalized.

I wanted to focus my report on three of the well-known challenges. That, first of all, of how to enhance finance for small businesses; second of all, how we can help create a more skilled workforce; and thirdly how we can leverage the enormous historical and people-based connections that we have between the UK and Nigeria. I am going to focus most of the rest of my comments on finance.

From research and from my visit, it is pretty clear that there are tremendous challenges for access to finance for small businesses in Nigeria. A November 2011 report called this the ‘missing middle’ – the gap of accessible financing. It said, and I concur, that the financing gap is for people looking for loans or equity between £50,000 and £2 million. There is plenty of need below £50,000, but friends and families can assist more extensively with that. But £50,000 to £2 million is an important financing gap for many small businesses. In that gap of course entrepreneurs still look to their friends and families’ funding circles to support their growth – and I think two-thirds of small businesses SMEDAN found were started on a friends and families basis – but that basis of finance is not sufficient for Lagos and Nigeria to fulfil the economic potential of its small business sector.

The World Bank wrote a report in 2011 on the investment climate in Nigeria and it compared Nigeria’s banking community with those of three other comparative countries: Brazil, Russia and Indonesia. The key points there
were: out of all those countries, the collateral requirements in Nigeria were substantially in excess of any other country, that that collateral requirement pierced any corporate structure and went to an individual personal collateral requirement, that the length and term of loans was artificially short at one year, and that the interest rates were sky high at 25 per cent plus, which even on a real basis would look wonderful in my pension pot if I could achieve those rates of return. So there are clearly some problems with banking.

When I was in Lagos, I participated in a round table discussion and this reinforced a number of those findings and added to them in terms of the lack of availability of staff who have skills in commercial banking, and also about the process of achieving financing where you would put in a bid for a loan – let’s say at the equivalent of £100,000 – and it would come back three months later with an agreement for £20,000. It was very hard for small businesses to grow. We complain in this country about access to bank finance. Could you imagine if British small businesses had to live by the rules of Lagos? What that tells me is those people who run small businesses in Nigeria, they must just be fantastic entrepreneurs that they can deal with a financing situation like that. Clearly those are issues which need to be addressed in terms of financing, and one the areas that I will be looking at in my recommendations is areas in which the UK government can assist in that financing gap at £50,000 to £2 million.

At higher rates of course, if debt is earning 13 per cent real rate return there’s an opportunity for equity, and certainly the private equity market in sub-Saharan Africa is broadening. The Emerging Markets Private Equity Association says that about £1.5–£2 billion per annum in private equity is being raised for sub-Saharan Africa. Interestingly, the change over the last five years from South Africa comprising 40 per cent or more of that to now being a very small proportion shows that the pursuit of returns into other countries in sub-Saharan Africa is growing. Africa Assets, when I last checked, listed more than a dozen private equity firms actively looking for funds in the early stages of 2013.

Private equity is fine, but there are still some issues about exits. The data on exits is naturally quite patchy for private equity in Africa. There have been approximately 120 exits in the last five years from private equity investments; they quote an annualized return of 11.2 per cent. But the other aspect is what happens if an investment goes wrong; how can you retrieve your assets in circumstances where you have invested money but the returns have not been made and you cannot achieve an exit? There are issues there that need to be
looked at if private equity is to be strengthened within the small business market in Nigeria and elsewhere.

I just want to make a quick point about development finance institutions because they have played a significant role in seeding the growth of private equity markets across Africa, and the UK has, along with Holland and the AfDB (African Development Bank), been a pioneer and entrusted partner in developing active equity capital investment in developing countries. In particular, the Commonwealth Development Corporation (CDC) plays a very interesting and unique role in supporting the growth of early stage funds. The CDC overall has invested in 155 funds worldwide, of which 50 of those funds are in Africa, and those 50 funds are managed by 31 fund managers: so far so good. But here is the really interesting point: 50 per cent of those fund commitments by CDC were to first time funds. That is an incredibly risky proposition, to put your money into first time funds. You don’t know how the team will operate; maybe they haven’t got a good track record. Imagine if you have an institution which has done that 100 times. Assuming they didn’t lose money every single time they did it, they will have built up a knowledge base of how you can stimulate the growth of local private funds, which I think has an important role that the UK can build on in the future.

I believe there is much for the UK to do and action is indeed already being taken. If we don’t do that, then other markets and other countries will fill the void, and I would like to see that action by the UK strengthen in the area of finance services and commerce. I think the government, UKTI and particularly the Department for International Development (DFID) can engage more actively to support investment, finance and capacity-building.

I will be looking at vocational skills training in Lagos and making some recommendations about that, particularly around the accreditation of qualifications, because it is all very well to have finance sorted out, but if you don’t have the skills gap sorted out then you will not create the wealth to pay taxes to provide the very much needed public services in Lagos.

I also think there are ways in which we can better utilize the diaspora in the UK. Lessons can be learned from the US government for the way in which it can be used to bolster entrepreneurship further. And I would say that the City of London’s expertise in finance and supporting services is naturally long recognized, but it is now time for the UK government to get serious about putting that expertise to work and to look at ways in which providing a corporate rapport from the reputation and the skills of UK City services firms
to early stage businesses in Lagos can assist the banking system in Lagos to provide debt at more attractive rates and more attractive terms.

From my visit, my initial and my abiding impression is that the entrepreneurial talent, drive and ambition of the people who comprise the city of Lagos is overwhelming and that the sheer scale of raw talent, if processed with only a modicum of care, should transform the economic well-being of that county. In Lagos State progress towards an enabling environment for entrepreneurs has been made for which the government deserves credit, but there can’t be any let up in their efforts, because the economic benefits that derive from those liberalizations and the reforms will themselves reinforce further positive momentum.

Nigeria’s potential now will be realized by Nigerians for Nigerians, rather than by outsiders. But achieving that potential rests on the most fundamental and effective tool for development: the ambitions, ingenuity and drive of a new generation of Nigerian entrepreneurs. If the UK government and people in this room can do something to support that, I think we will have made a very good step forward indeed.

**Henry Bellingham:**

Richard, thank you very much indeed for that presentation. It was really interesting, and a lot of impressive detail there. Your focus on SMEs and I think the point you made about them moving into the more formal economy and doing their fair share by paying tax, that is going to make a huge difference to the revenues of the state – but taxed hopefully at a very sensible level. Thank you very much indeed and I’m sure we’re going to have a lot of questions to come in a moment.

It gives me great pleasure now to introduce Peter Carter, who has recently swapped the stunning churches of Tallinn and the temperatures of minus 30 in the winter to the tropical charms and the extraordinary buzz of Lagos. What I think is interesting actually is that Peter is a senior diplomat; he’s been head of mission, and for the Foreign and Commonwealth Office to send him to Lagos actually underlines the importance that the FCO and HMG attaches to that post. It’s a very, very important post, Lagos, and I’m very pleased indeed that it’s future is very secure, and particularly secure in the hands of the very serious diplomat Peter Carter.
Peter Carter:

Thank you very much Henry, I just hope I can live up to the billing. It is a great pleasure to see so many people here today and I think that bears witness to the growing interest in West Africa and the countries we’ve been discussing today. I would like to thank our partners today: Chatham House, The City of London Corporation and TheCityUK for their cooperation and collaboration in staging this event. We rely very much on partnership to achieve much of our diplomatic work nowadays and this is a real example of partnership at work.

You’ve heard very eloquently from both the lord mayor and Richard Fuller of the opportunities and challenges in West Africa and in particular in Nigeria, Ghana and Angola. So I think that at this point, I would like to round off as it were with a few more general remarks and then perhaps hone back in again on my own particular professional interest in Nigeria.

As we have clearly heard, an awful lot is changing in Africa. The continent that The Economist once described as ‘hopeless’ is now full of hope. And according to a recent report, African Economic Outlook, there has been seven per cent sustained growth across the continent throughout the past decade, a quadrupling in the value of exports from Africa and for the first time, foreign investment and remittances now constitute a larger element of Africa’s external finance than aid. Obviously, it is very uneven and there are still 50 per cent of countries across Africa where that last statistic doesn’t apply and where aid is the primary source of external finance. Of course, even within West Africa, as we have been hearing, there are substantial challenges, whether it is infrastructure, governance, population growth, employment and education.

But West Africa does have many opportunities, is very rich in them as we’ve heard, and the British government expresses its confidence in West Africa as an enabler. It is not just the Foreign Office and UKTI doing that. Of course we are playing are part, working as seamlessly as we can as facilitators, as coordinators and as spotters of business opportunities, both within the individual countries in which we work and are represented, but also cross-border. I’m sure there will be a number of you here today who are looking not just at Nigeria or Ghana or Angola, but the more general and the wider opportunities across the region. Here too, we can be of help harnessing the networks which we have within and across the countries of the region. But as I say, it is not just the Foreign Office which is hard at work in building up capacity within West Africa. Our colleagues in DFID are building that capacity in areas such as corporate governance, helping the private sector to develop
its capacity to be successful and to compete with the global standards that increasingly determine how business is conducted.

DFID are also involved in helping governments with regulatory frameworks and in practical technical consultancy. Two very good examples of that: in Nigeria, behind the enormous light rail project which is now underway in Lagos is a British consultancy advising the Lagos State government on how best to achieve this project, how best to work to international standards and how best to make sure that the project is a success when it comes to fruition. It was a British consultancy that lay behind the recent privatization of the electricity power industry in Nigeria, so British fingerprints are all over the Nigerian economy even if you cannot see them.

So that is the Foreign Office, it is UKTI, DFID. SOCA, the Serious Organized Crime Agency, is very active, particularly in Nigeria, helping the authorities combat corruption and criminality. We know it is a problem, they know it is a problem, and we are working hard to help them come to grips with this scourge, both for their benefit and ours because we know that reducing the levels of corruption, reducing susceptibility to corruption gives people like you confidence that they can do business legally and ethically in the West African and Nigerian environment.

Although you may not believe it, the Home Office is working hard to put business at the forefront of visa services. In Nigeria we have now just introduced, with Home Office agreement, a new service in which any business person will be able to apply for a four-day turnaround business visa. Obviously there is no guarantee they would get it, but we hope and intend to process these applications quickly and efficiently, with the aim of welcoming genuine Nigerian business visitors to the UK.

The British government has enormous confidence in the region and we have great confidence in Nigeria in particular. As you have heard, Nigeria offers huge opportunities, in the power sector, Eko Atlantic – the vast reclamation project off Lagos – there are still great opportunities in the oil and gas sector and of course in financial services. Banking, as Richard has told us, has its problems and challenges still but it is a sophisticated market in which Nigerians themselves are sophisticated operators. Nigeria is poised to become Africa’s largest economy, with a growing private sector and a growing middle class who want to spend their money. And actually it’s surprisingly difficult to spend your money in Nigeria because there isn’t very much to buy.
Nigerian businesses in the UK are growing. Lekoil has recently listed in London and two or three months ago Zenith Bank became the latest Nigerian bank to list in London. Why do they come here? Self-evidently they come to raise capital, but there is another reason behind why they come here and why London is so important. That is because they want to work within our regulatory frameworks and they want the reputational advantages of being listed in London. The lord mayor mentioned the Bribery Act a few minutes ago. This may sound strange, but Nigerian companies want to work with British companies in part because of the Bribery Act. It gives them certainty. It gives them the guarantee that they will be able to do honest business openly, transparently and actually more cheaply and that is a huge advantage for British companies. The British companies that operate in Nigeria at the moment clearly all operate under the auspices of the Bribery Act and they are all pleased that they do so, because the framework is rigid, it is unbending and it quickly becomes apparent to Nigerian counterparts that if they want to do business with Britain, they have to do it our way and not the other way around. Many companies welcome that.

You may be surprised to learn that Nigeria slots between Brazil and India, two of the BRICS, on the World Bank’s ease of doing business index. Admittedly, none of the three are particularly high up the scale, in the 130s out of 180-odd. But if British companies are keen on doing business with Brazil and India, they can be equally keen about doing business with Nigeria, because Nigeria, broadly speaking, is in the same category of ease or difficulty of doing business. So don’t be put off by the reputation which goes before Nigeria. Yes, it is justified; but yes, it is also being challenged. We are challenging it, each one of you who goes to Nigeria challenges that reputation with your presence and with your interest in doing ethical business. The British government wants you to do business; David Cameron and the president of Nigeria have committed themselves to doubling bilateral trade by next year, from 8 billion annually to 16 billion annually, so the opportunities are huge; the challenge is huge.

I would say that the first step is to go to Nigeria. Every Nigerian businessman I have spoken to in the past four months has said to me and to those business people they have met: ‘Do come to Nigeria.’ I went with the usual preconceptions four months ago and I had little idea what to expect. Four months later, I can say unequivocally that Lagos is dynamic, full of sophisticated, skilled, energetic business people who want to do business with Britain, above all with Britain. Having gone to Nigeria, you come away with very different impressions both of Lagos and Nigeria as a whole: very
positive, very exciting and very dynamic. My invitation to all of you is: come to West Africa, come to Nigeria, look at the opportunities; we are all here to help. Can I finish by thanking both Roger and Richard for your commitment to West Africa, your commitment to Nigeria and for making our job that little bit easier.