



Courtesy Basel Action Network

Electronic scrap from Alaba market in Lagos, Nigeria, is hauled to this informal dump, sitting on a swamp, where items that could not be repaired are burned.

Nigeria: ready to battle waste crisis

By Garth Lamb

'BUSINESS opportunity' probably isn't the first response of most business leaders shown photos of Africa. Plagued by war, famine and diseases including the devastating HIV virus, waste management hardly tops the list of public concerns on the African continent. Likewise, Africa is not top of mind for waste companies hoping to enter an emerging market, with India or China the more common focus.

But despite the many challenges, opportunities do exist for Australian companies to export waste expertise and technologies into Africa, with the potential for big returns. After all, there are close to one billion possible 'customers' on that continent.

One African nation ready and willing to spend up big on improving its waste management, according to Frank Aneke, is oil-rich Nigeria, the country of his birth. Moving to Sydney in 2000 to undertake postgraduate communication studies, Aneke has since passed the tests to become a dinky-di Aussie and has recently formed OctoberFirst Consulting, with a view to hooking up local environmental services companies with Nigerian decision-makers.

Nigeria gained independence from Britain on October first 1960, the same date Aneke was born some years

later. Although now considered a day of celebration for Nigeria, independence also marked a long slide into political instability, corruption, inadequate infrastructure and poor macroeconomic management.

After 16 years under military rule, democracy returned to Nigeria in 1999. Now, Africa's most populous nation, with some 140 million citizens, is looking to ramp up the economic growth underpinned by its 37 billion barrels worth of oil reserves.

The International Monetary Fund says Nigeria is one of the fastest growing economies in the world, with

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growth of 9% projected for 2008 and 8.3% for 2009. As part of that growth, its government is committed to improving local infrastructure.

"Long years of neglect have (expectedly) created inadequate facilities and lack of technical expertise to combat the growing environmental issues now confronting Nigeria," says Aneke.

"The present deplorable conditions has exposed Nigerians living in cities

to huge refuse dumps [on residential street corners] and increased their risk of contracting disease."

Having been unable to markedly improve its waste dilemma internally, and facing increasing public pressure for better outcomes on this front, Aneke claims some of the nation's 36 state governments are now actively seeking to partner with foreign environmental services companies.

The ins and outs of Africa

Sydney-based OctoberFirst is an "investment communication company" dedicated to exposing trade and

investment opportunities in Africa. A member of the NSW business chamber, Aneke's sales pitch focuses on how well the company understands the dynamics of the African market place.

"We work in partnership with credible local research firms, communication affiliates, government agencies, chambers of commerce and industrial bodies to deliver expected outcomes for our clients," he says.

Any organisation considering

business in Africa has an undeniable need to partner with someone who has strong local knowledge. Even in Nigeria, one of the more economically advanced nations in the region, business conditions are far removed from those commonly experienced in Australia.

For example, says Aneke, anyone providing a product or service before being paid is setting themselves up for a nasty fall – all business in Nigeria needs to be conducted on a payment first basis, unlike the contractual arrangements many Australian organisations are used to.

Most waste collectors are currently on government payrolls and are paid in advance. Unfortunately, however, their trucks often "break down", rendering them unable to undertake their contracted tasks. The problem is, says Aneke, that these breakdowns are often a direct result of the operator intentionally disabling their vehicles so that they don't need to go through the operational expenses of actually collecting rubbish.

The country's best city in terms of collection efficiency is Calabar, which manages to pick up 80% of its municipal waste. Other regions manage much less, with Aneke's market research figures showing the financial capital Lagos, for example, collects just half

the waste its 10-15 million residents generate, disposing of it in just four recognised dumpsites (as opposed to properly-engineered landfill sites).

Accurate data on average waste generation is lacking, although estimates range around 150-230kg per person annually. That may be just one-fifth the volume generated by an average Australian but, multiplied by a population more than seven times larger, it does present a very significant potential for Australian operators.

Mountains of uncollected waste in the streets are a highly visible and deeply embarrassing problem for any government trying to encourage foreign investment and economic growth, which is part of the reason Aneke says there are very significant levels of government support available for outside companies that can help improve Nigerian waste management (see box).

Low baseline, high returns?

The World Bank has to date granted Nigeria loans and credits worth some US\$9.5 billion (\$11.4 billion) through its International Development Association (IDA), aiming to improve economic development and governance.

Government incentivised, subsidised and legalised

OctoberFirst Consulting director Frank Aneke says Nigeria's federal government classifies investments in processing and recycling as having 'pioneer status', which qualifies foreign investors for more than six years' tax holiday, subsidised import duties on processing and manufacturing equipment, and reduced interest on investment loans obtained through designated Nigerian banks. He claims foreign investors that locate their business in any of the six federally approved Free Trade Zones – set up to allow easier access to other west African markets – could also qualify for additional incentives, including:

- Guaranteed infrastructure and amenities like energy, roads, and security;
- Exemption from all government taxes, levies and rates;
- Approved enterprises are entitled to import into the zone, free of customs duty on capital goods, consumer goods, raw materials, components and articles intended for the purposes of conducting an approved activity;
- Freedom from legislative provision pertaining to taxes, levies, duties and foreign exchange regulations;
- Repatriation of foreign capital on investment in the zone at any time, with capital appreciation of the investment;
- 100% foreign or local ownership of a factory is allowable.

According to Aneke, a large portion of those funds target waste management, with the state of Lagos earmarking some \$69 million for environmental issues, especially tackling flooding associated with stormwater drains that become blocked by municipal waste.

He says opportunities exist for foreign companies to partner with cashed-up local authorities in collection, transfer, treatment, recovery and disposal. Machinery, equipment and technical

expertise to undertake these activities "are grossly lacking".

American products dominate equipment such as compactors, loaders and crushers, controlling about 60% of market share and closely followed by European (Germany, UK, Norway) and Asian (Korean, China) machinery. Aneke says a willingness to visit Nigeria is a key element giving competitive advantage to Asian manufacturers, despite the perceived lower quality

standards of their products.

Local Nigerian companies do not manufacture or supply any machinery other than the dumpsters and shovels used at street-corner collection points. Like all aspects of waste management, the country is starting from such a low baseline that the only possible direction appears to be up.

Australian money goes a long way in Nigeria, with \$200,000 considered a significant investment. Wages for local workers are obviously low, with university graduates (of which many, like Aneke, have degrees from well-respected international universities) taking home the equivalent of about \$500/month and unskilled labourers generally happy to earn about \$100.

Aneke is organising a Sydney seminar for March 6, 2009 to introduce Australian operators to Nigerian officials and representatives. The event will be co-hosted by the Nigerian High Commission, with the country's Ambassador to Australia to be the guest of honour. Depending how that seminar goes, a trade mission to visit Nigeria is also on the cards next year.

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