


THE NEW NIGERIAN ECONOMY AND ICT

A 21ST CENTURY PERSPECTIVE

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May 16, 2001
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NIGERIA'S 21ST CENTURY TRIUMPH?

- **Unlock** our Economic Potential
- **Learn** from Global Best Practices
- **Compete** at Olympic Standards


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21ST CENTURY MINDSET

- **Breakthrough Thinking**
 - "Commanding Heights" → "Market Led Economy"
 - Knowledge/ICT Drives **New Economy**
 - VISION 2010 = 10% Annual Growth Rate


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21ST CENTURY MINDSET

- **Major Economic Transition**
 - Private Sector Drives Economic Growth
 - Government becomes the enabler
 - Three Keys to Success
 - ICT Capabilities
 - Education/Skills
 - Equity Capital


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TODAY'S PURPOSE/APPROACH

- **Focus on the Three Keys to Success**
 - ICT
 - Skills
 - Equity Capital
- **Four Step Approach**
 - Facing Reality
 - Enabling Success
 - Mobilizing Equity Capital (ACA Case)
 - Charting the Way Forward

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A. Facing Reality

Global Perspective

- Knowledge drives modern economies
 - ICT → Internet → E-business
 - Global business are being reinvented
- Education creates competitive advantage
 - Research/technology development
 - Relevant skills to support industry
 - Computer literacy at all levels


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A. Facing Reality

Global Case Studies


- Silicon Valley → U.S. Economic Growth
 - Education
 - Technology (Particularly ICT)
 - Venture Capital
- India – at Home and Abroad
 - World class education
 - Bangalore and Mumbai
- Many Other Successes/Similar Formula 7



A. Facing Reality

Nigeria's Reality

- 30+ Years of decline
 - Per capita income
 - Living standards
 - Institutions (including Education)
 - Infrastructure
- Commodities Can't Beat Knowledge 8




A. Facing Reality

Nigeria's Reality (contd)

- Must Go for Rapid Economic Growth
 - Enabler = Public Sector
 - Engine = Private Sector


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B. ENABLING SUCCESS

Enabling Environment

- Government Out of Business
- Institutions/infrastructure Rebuilt
- Sound Macroeconomic Management
- Attractive Investment Climate
- Democracy Evolving Towards Good Governance 10




B. ENABLING SUCCESS

Turning On The Engine

- ICT is the Focal Point
 - Rolling out GSM licence
 - Building suppliers/distributors
 - Adopting E-business practices
- Priority Must Go to Education
 - Maximum % of GDP
 - Tap private sector resources

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B. ENABLING SUCCESS

Turning On The Engine(contd)

- Mobilizing Investment
 - Foreign Direct Investment
 - Capital Markets (Public)
 - Venture Capital (Private)

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C. MOBILIZING EQUITY CAPITAL

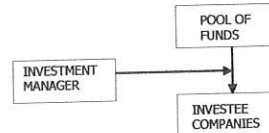
- The Venture Capital Model
- African Capital Alliance
 - Case Study
 - Lessons Learnt
 - Outlook

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C. MOBILIZING EQUITY CAPITAL

The Venture Capital Model

- Largely US – but now global
- Historical = wealthy + angels
- Now – highly developed profession



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C. MOBILIZING EQUITY CAPITAL

Key Characteristics

- Investors Seeking Capital Growth
- Tax Efficient Vehicles
- Specialist Professional Management
- Investee Companies Meeting Criteria
- Favorable Investment Climate
- Ability to Exit (Gain Liquidity)

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AFRICAN CAPITAL ALLIANCE

- **1996 Dream** → **2001 Reality**
 - 6 Partners with skills/common vision
 - Strong confidence in Nigeria's future
 - Raised \$35+ ml fund (CAPE)
 - About 50% invested to date
 - Assembled First Class Team
 - Building an enduring institution

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AFRICAN CAPITAL ALLIANCE


- **Investment Focus**
 - High growth potential niches
 - Strong management with major equity stake
 - Ability for ACA to add value
 - Defined exit strategies

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AFRICAN CAPITAL ALLIANCE

- **ICT is our major focus**
 - Private network provider/implementer
 - PTO – prepaid calling
 - Internet service provider
 - Integrated ICT implementer
 - Retail distributor
 - GSM licencer

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AFRICAN CAPITAL ALLIANCE

Why?

- Excellent sector outlook
- Exceptional value added opportunities
- Attractive exit potential

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AFRICAN CAPITAL ALLIANCE

Lessons Learnt

- Enormous latent demand but consumers must be educated
- Skilled technicians are few and in high demand
- Government policies are progressive but inconsistent and implementation is unduly slow
- Lack of widespread ICT education is a critical constraint

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AFRICAN CAPITAL ALLIANCE

Outlook

- Venture Capital works in Nigeria – so CAPE II to Be Raised in 2002
- The SSI Scheme Opens New Opportunities (+/- \$60 ml PBT → SME's)
- Enabling Environment Priorities
 - Investment climate (still weak)
 - Capital markets (exit options)
 - People/skills constraint

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D. CHARTING THE WAY FORWARD

Simultaneous Progress on Three Fronts

1. Privatization → ICT Capability
2. Education Reform → Skills
3. Economic Reform → Equity Capital

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D. CHARTING THE WAY FORWARD

1. **Privatization → ICT Capability**
 - Reaffirm Policies and Past Decisions
 - Eliminate Monopoly Practices
 - Privatize NITEL
 - Attract Competitive Second Carrier
 - Instill Enabling Spirit in Regulation –

Go for Competition

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D. CHARTING THE WAY FORWARD

2. **Education Reform → Skills**
 - Raise Level of Spending
 - Government schools
 - Private Schools
 - Focus on Science, Engineering and Technology (SET)
 - Revise Syllabus at All Levels to Foster Computer Literacy
 - Expand Internet Throughout Educational System

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D. CHARTING THE WAY FORWARD

3. **Economic Reform** → **Equity Capital**

- Get the Fundamentals Right (inflation, growth rates, etc.)
- Stimulate Competition
- Lower Costs of Doing Business
- Attractive Investment Climate
- Facilitate Private Equity Investment and Fund Management

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D. CHARTING THE WAY FORWARD

What Desired End Result?

- Accelerated Economic Growth
 - Driven by ICT (new economy)
- Capital No Longer the Major Constraint
- Virile Nigerian Private Sector (Particularly SME's)
- More Educated and Literate Public
 - Suppliers/users of ICT
 - More and higher value jobs
 - Better living standards

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***NIGERIA CAN HAVE A
21ST CENTURY MINDSET!***

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