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# TradeInvest Kwara

AN INVESTOR'S GUIDE TO KWARA STATE



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The Olu Nigeria cashew-nut processing facility at Ogbonoroko is one of the high-profit investments that Kwara State has attracted in recent years.

INTRODUCTION

## WELCOME TO KWARA STATE

### The State of Harmony

*Kwara State's peaceful population, abundant natural resources, well-developed infrastructure and proactive investment-attraction policies have made it an attractive destination for investors.*

**K**WARA STATE IS ONE OF THE 36 states that make up the Federal Republic of Nigeria, Africa's most populous country. Kwara State shares a boundary to its west with the Republic of Benin and has as its northern boundary, the Niger River.

The capital city of Ilorin is situated 306km inland from the coastal city of Lagos and 500km from the federal capital, Abuja. Major towns include Ofa and Jebba, located on the Niger

River. Other towns include Patigi, Erin-Ile, Ilofa, Adeleke Igbewere, Ejidongari, Osi, Lafiyagi, Gure, Afor, Kaiama, Isanku-Isin, Omu-Aran, Egbejila, Ilota, Iponrin and Igbaja.

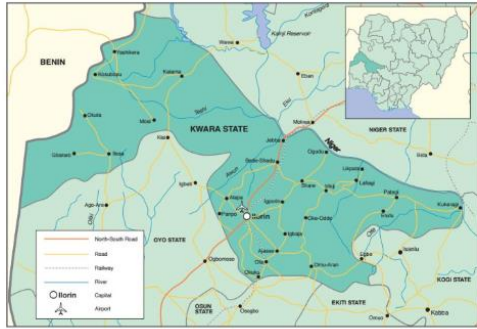
Kwara State was created in May 1967, as one of the first of 12 states to replace the nation's four regions. Originally the state was known as West Central State but the name was changed to Kwara, a local name for the Niger River. The size of the state has been reduced over the years, as new states have been created within the

federation. The total landmass of Kwara State today is 32 500 square kilometres.

Kwara State is known as 'The State of Harmony' on account of the peaceful relations that exist among its multicultural and diverse population of about 2.5 million people. Followers of the three great religious faiths to be found in Nigeria, Islam, Christianity and traditional, coexist within the state.

Governor Bukola Saraki of the People's Democratic Party began his first term of office in 2003 and won re-election in 2007. He is a

medical doctor with extensive experience in financial controls and budgeting. After qualifying and working as a doctor in the UK [Cheltenham College, London Medical Hospital college and University of London], he began working at Societe Generale Bank in 1989. He worked for two years as Special Assistant to the President of Nigeria on the budget and chaired a national committee on non-oil revenue generation. For his work as Executive Governor of Kwara State, Governor Saraki has won several awards, including Best



Governor in Africa, presented by the Kenneth Kaunda Foundation in 2006.

States in Nigeria enjoy a high degree of autonomy. Each state, for example, can set industrial policy and independently seeks to attract investment. This is normally located within a broader national policy and must naturally comply with federal rules [with regard to import duties, for example]. Energy policy is the sole preserve of the federal government although this is changing as the option of using Independent Power Producers (IPP) becomes more attractive.

Each state is divided into Local Government Areas (LGAs) and, in the case of Kwara, there are 15 such LGAs.

**Geography**

Kwara State comprises rainforest in the southern parts with wooded savannah covering the larger part of the state. The soil is fertile and the state is well watered by the various tributaries

of the Niger River which run through hills and valleys, none of which rise to any great height. The western section of the state is at a slightly higher altitude than the eastern.

This is a summer rainfall area, with an annual rainfall range of 1 000mm to 1 500mm. The months of December and January coincide with the cold and dry harmattan period. Average maximum temperatures vary between 30°C and 35°C.

**Logistics**

Kwara's central location has resulted in it sometimes being called the 'Gateway' state. Ilorin International Airport has undergone major upgrades and is now not only a passenger airport but a major cargo hub. Not only is Kwara State well situated within Nigeria, with connections south to the key harbour of Lagos and to the capital city of Abuja to the north-east, but it is well sited regionally within West Africa and within a relatively short international flight

from Europe and the US. There is an extensive network of well-maintained roads. Kwara is working on maximising its potential through the building of truck stops and logistics hubs.

The Jebba Dam is an important source of water and hydro-electric power.

**Unique selling point**

Kwara State is known for its peaceful character, its innovation and its strong educational sector. In recent years it has come to be known as the home of commercial agriculture, as a result of the New Nigerian Farmers Initiative.

Also known as the Shonga project, after the name of the town close to where the commercial farming is being practised, the New Nigerian Farmers initiative has got Nigerians and foreigners talking about Kwara State in a new way. Kwara State has changed in the public eye from being a 'civil service' state to being the state where the Shonga farmers are succeeding. Kwarans believe this could happen on a broader scale in the Federal Republic of Nigeria, a land of immense agricultural potential. Milk products and rice currently make up US\$1.2-billion of the nation's US\$4-billion food-importation bill – a situation that well-organised commercial agriculture has the potential to reverse.

In support of the Shonga project, processing facilities have been built, for example a dairy and a poultry abattoir. Refrigeration facilities and transport infrastructure form the next stage in the value chain.

The upgrading of Ilorin International Airport was the key to the long-term success of this project. With a long-haul cargo airport, well-equipped with state-of-the-art refrigeration facilities, Kwara State is now in a position to target the European and USA markets. The state's location (within Nigeria, West Africa and in the international context) is being optimally exploited. The fresh produce currently being produced can

be in Europe within hours. This again opens up many other potential avenues to be explored, for example, in the cultivation and exportation of cut flowers, a very lucrative enterprise.

**People, skills and culture**

The principal groups residing in Kwara State are the Yoruba, Nupe, Bariba and Fulani.

The skilled craftsmanship of the people of this central region has been evident for centuries. The largest and most important pottery workshops in Nigeria can be found in the capital city of Ilorin. Proponents of the craft of traditional textile weaving are also very prominent: the Aso Oke style of hand-loomed cloth-making is world renowned.

The Yoruba are the largest population group in the south-western part of Nigeria while the Fulani comprise a significant proportion of the population of the north. Former Nigerian president Olusegun Obasanjo is a Yoruba; former president Umaru Yar'Adua was a Fulani.

The Yoruba stem from an ancient civilisation, the Oyo Empire, that came into existence in the eighth century with its headquarters in Ife, in what is now the neighbouring state of Osun. Historian Robin Hallett has described the bronze and



Modern cassava processing facilities are being built throughout Kwara State as part of a drive to turn the state's natural plentiful resources into food and marketable products.



The New Nigerian Farmers in Kwara State are already producing their own brand of milk and yoghurt drinks.



Kwara State's capital Ilorin is slowly but surely transforming into a vibrant commercial city with good infrastructure.

terracotta works of art known as the Ife heads as one of the 'supreme artistic achievements of mankind'. Oyo was at the height of its powers in the middle of the 18th century and was a trade conduit between the south and north.

The Nupe Kingdom was located to the north of the Niger River. According to Hallett, they were 'industrial specialists', with skills including glass-making, weaving, tailoring, blacksmithing and iron mining. One of the traditional skills of the Nupe is in the making of elaborate carved stools, using only one piece of wood. The Bariba people were once part of the Borgu Kingdom and about 80% of this group now live in neighbouring Benin.

The rich and varied cultures of Kwara State can be viewed at places such as the Esie Museum, Ogunjokoro and the Imoleboja Rock Shelter. The Patengi regatta is a popular attraction, with boat owners proudly displaying their vessels and fishing and swimming contests. The Esie stone images are an important cultural artifact while various festivals are not only important to local communities but would prove fascinating to visitors. The Awon and Egungun festivals are just two examples. The tragic end of explorer Mungo Park's expedition down the Niger River is commemorated at Jebba where his boat is on display and there is a monument.

**Connecting**

The modern Kwara State is an outward-looking polity. Ilorin International Airport is just one symbol of this attitude. The recently opened branch of the Nigerian Stock Exchange is another. The state's governor has addressed meetings in the USA and the UK, advising Kwarans in the diaspora of the opportunities back home and encouraging them to solicit investments in their home state. Companies such as Kwara Ethnix Designs (the furniture manufacturer) have their eyes on the London market for their high-quality products, utilising Ilorin International Airport to transport their goods.

**Industry**

The preferred method of growing the state's industrial capacity is through public-private partnerships (PPPs). The state provides site services and associated support. Among the several current success stories are: Kwara Ethnix Designs, the Olam Nigeria cashew-nut processing facility, Dangote Flour Mills and the Chellarams motorcycle assembly plant.

With the state's excellent natural resources, good infrastructure and the positive support and encouragement of the state government, the outlook for industrial and commercial investors is very good.

**Education and research**

For any state to be competitive in industry, it needs a good educational infrastructure and in that sense, Kwara State is well served.

Kwara State University was inaugurated in 2009, joining the University of Ilorin (a federal institution) and Al-Hikmah University as the leading tertiary institutions in the state. Other facilities include Ilorin Federal Polytechnic at Offa, a Federal Training Centre in Ilorin and State Colleges of Education at Ilorin and Oio. Ilorin also hosts the Kwara State Polytechnic and a School of Nursing. Two important religious centres of learning are the College of Arabic and Islamic Legal Studies and the United Missionary Theological Seminary. The town of Offa is home to Adesoye College.

The University of Ilorin Teaching Hospital is the main medical institution in the state, supported by specialist and general hospitals, rural health centres and health clinics.

An aviation college located close to Ilorin International Airport aims to offer high-quality pilot training and the Kwara Football Academy is another specialist institution. Research institutes include the National Centre for Agricultural Mechanisation and the Agricultural and Rural Management Training Institute (ARMTI). Another Ilorin-based institute doing important work is the Niger River Basin Development Authority, which oversees issues pertaining to development in the broader region.

**A new way of doing business**

The administration of Kwara State has instituted special measures to control expenditure and prides itself on transparency in its account keeping. Fitch Ratings has given the state good ratings on two consecutive occasions. A Budget Monitoring and Price Intelligence Unit (BMPIU) monitors all state budgets and scrutinises all quotations. Kwara State was the first state in

Nigeria to voluntarily subject itself to a federal government benchmarking exercise in accountability and transparency.

**NIGERIA**

Nigeria is a federal republic with an executive president. The National Assembly comprises the 360-member House of Representatives (selected from constituencies around the country) and a 109-member Senate. Each of the country's 36 states nominates three senators, and one senate seat is allocated to the Federal Capital Territory, the area that controls the nation's capital city of Abuja. Nigeria's legal system is based on English law and two types of customary law, ethnic and Islamic. Some northern states have chosen to introduce Sharia law. Kwara State is not among them. The Supreme Court of Nigeria is the country's highest court.

After a long period of military rule, Nigeria has been civilian led since national elections were held in 1999. Subsequent national elections have been run in 2003 and 2007. Nigeria's population is estimated to be in the region of 149 million, representing a massive potential market for goods and services.

Population estimate:	149 million
Size:	924 000 square kilometres
Agricultural land:	81%
Major languages:	English (official), Yoruba, Igbo, Hausa
Currency:	Naira (May 2010: US\$1 = N150)
International dialling code:	+234
Internet domain:	ng

industries and employers was the Nigerian Paper Mills, which was the property of the federal government. When the company closed its doors, the regional economy was negatively affected. In 2007, private investment company MINL Ltd agreed to take over the assets of the company from the state (and change the name to Jebba Paper Mills). It agreed to invest heavily in upgrading the plant's machinery to get it up and running and to give it modern capabilities.

Jebba Paper Mills represents a strategic national asset as there are very few specialised paper-production companies in the country. Specifically, Jebba Paper Mills is the only producer of kraft paper in the whole of West Africa.

The first phase of the plant upgrade cost N3-billion while the total cost of the overhaul will be approximately N12-billion. The plant boasts the most modern electronic controls and systems, all overseen by state-of-the-art computers. Grammage is automatically

controlled, as are factors such as moisture and other quality measurements. Hydraulic and flow circuits have been altered to expand capacity as well.

The company's commitment to using scrap paper to create its product, apart from the obviously positive environmental implications, has the added benefit of increasing indirect employment opportunities for collectors of scrap paper.

The plant's 2 000 full-time employees are all drawn from the local areas surrounding the facility. The upgrading of the mill has had a very positive effect on the regional economy and the paper mill company has supplied piped water to several local communities.

**Olam Nigeria**

Olam Nigeria Ltd has a significant presence in Kwara State and constitutes an important partner in the state's drive towards industrialisation and food self-sufficiency.

Olam Nigeria is a subsidiary of the Singapore-based Olam International, an agricultural products and food ingredients multinational with 8 000 employees in 56 countries. Through the Olam company, Kwara is connected to a distribution network of more than 4 000 customers in 60 markets around the world.

In Kwara, Olam has established a cashew processing plant at Ogbondoroko which produces exclusively for the export market. At least 5 000 local farmers are involved in harvesting the raw product, which the company then purchases for beneficiation.

Plans to increase rice production in Kwara and Nigeria received a big

boost with the opening of Olam's 40 000-metric-tonne capacity rice processing factory at Patigi in late 2009.

Olam declared that it wanted to produce more than 20 000 metric tonnes of rice per year by 2010, from its facilities scattered throughout Nigeria.

The Federal Government of Nigeria has a stated aim of making the country self-sufficient in the production of rice and the establishment of rice-processing factories is clearly an important part of that process. The federal government has a Rice Intervention Fund Scheme and Kwara State is one of the chosen sites for the roll-out of this programme.

**Tujil Pharmaceutical**

Tujil Pharmaceutical is a major company in the pharmaceutical sector, with a presence in all parts of Nigeria. The decision of Tujil to begin production in Kwara has extra significance, given the importance of pharmaceutical production in the national economy. The federal government is very aware that Nigeria's pharmaceutical industry is relatively small and the installed capacity only caters for about 50-75% of the nation's drug needs. The country is still largely dependent on the importation of drugs. As a result, a ban on the importation of a number of drugs has been instituted in order to stimulate local production.

The raw material requirements of the sector can be classified into heavy and fine chemicals. While the heavy chemicals are mainly mineral- and petrochemical-based, most of the

fine chemicals are agri-related and Kwara State has many of the relevant resources.

Tujil Pharmaceutical decided to locate a manufacturing plant in Kwara State because of the peaceful environment and infrastructural advantages such as a good road network and adequate supplies of water and electricity.

Business Monitor International believes that signs for private-sector involvement in African healthcare are very good after the World Bank's International Finance Corporation (IFC) unveiled a US\$1-billion support package for the development of private healthcare on the continent. Although Nigeria is introducing a national health insurance scheme, BMI suggests that the increasingly popular concept of health savings accounts (HSAs) could provide a solution for many millions of Nigerians, particularly those employed in the informal economic sector.

An aspect of Tujil's corporate social investment was revealed in 2009 when it donated a building for the use of the secretariat of the Association of Resident Doctors in Ilorin.



Tujil Pharmaceutical's manufacturing plant is located in the Kwara State capital, Ilorin.



Olam Nigeria recently commissioned a major rice-processing plant in Kwara. The company already runs a concern that produces high-quality cashew nuts for the export market.

**Companies invested in the agricultural sector in Kwara State**

Investment company	Project	Hectares	Local Government Area
New Nigerian Farmers	Crops, dairy and poultry	13 000	Shonga, Edu LGA
Olam Nigeria Limited	Rice processing and outgrowers' scheme and cashew processing	20	Patigi, Patigi LGA
Coga Farms Limited	Cassava, maize and Jatropha plantation	6 000	Fallah, Moro LGA
Gil Flour Mills Limited	Rice-processing factory and paddy rice production	5 050	Edu and Patigi LGAs
African Chicken Farm Limited	Integrated poultry production	615	Ilorin East LGA
Lbx-Konti Ranch and Industries Limited	Arable crops: maize, soybeans, sesame seeds and groundnuts	756	Ejidongari, Moro LGA
Kwara Greens Limited	Vegetables and flowers	50	Oro-Gbangba, Asa LGA
Jatropha Farmers Development Foundation	Cultivation of Jatropha for biodiesel	5 000	Iwo, Isin LGA



Crops grow tall in Kwara State's excellent climate and fertile soil. Cassava, maize, rice and soybeans are the principal staple crops cultivated in the state.



Commercial farming has come to Kwara State through the New Nigerian Farmers project at Shonga. This shed provides protection for a herd of dairy cows.

Investment company	Project	Hectares	Local Government Area
Casplex Limited	Cassava production and processing	15 000	Okuta, Baruten LGA
Jan-Kasai Company Limited	Industrial starch and ethanol	5 000	Ndanaku, Patigi LGA
ZJS International	Arable crops: maize, rice and soybeans	5 000	Echi-Wada, Patigi LGA
Dawacon International Limited	Cashew plantation and processing	5 000	Oke-Ola Oro, Irepodun LGA
Tunsiag Nigeria Limited	Cassava and maize production, processing and feed mill	500	
Dana Foods Limited	Rice farming and outgrowers' scheme	11	Oke-Ose, Ilorin East LGA
Future Energy Limited	Jatropha for biodiesel	5 000	
Enviro Friendly Energy Limited	Jatropha for biodiesel and refining complex	9 369	Daru/Lanwa, Moro LGA



Cashew processing has provided many new employment opportunities for the people of Kwara State.