

## **On Rail Construction to Niger Republic**

On Wednesday September 23<sup>rd</sup> 2020, the Federal Executive Council (FEC) announced the decision that the Federal Government had approved the construction of a \$1.959 billion 284-kilometre single track standard gauge rail line from Kano to Maradi in Niger Republic **with a 93-kilometre branch line from Kano to Dutse, the capital of Jigawa state**. The 377 km rail line will have stations in Dutse, Gaya, Wudil, Dambatta, Kazaure, Daura, Shargale, Marshi, Katsina, Jibia and Maradi in southern Niger republic.

Based on the official announcement, the 387-kilometre single track rail line will cost about \$5million per kilometre according the official announcement, which is in the same range as the dysfunctional dual-track rail line from Lagos to Ibadan that costs about \$10.1 million per kilometre and includes 4 extra-large bridges, 11 large bridges, 4 medium bridges 2 steel bridges, 10 frame bridges, 207 culverts, 40 railway crossings, no level crossings, and 31 pedestrian overpasses.[i]

While the approval of the project has been heavily criticised as a misplaced priority by many, it did not come as a surprise. President Buhari had earlier announced it to the public in his 2018 New Year's speech when he said that "negotiations are also advanced for the construction of other railway lines, firstly from Kano to Maradi in Niger Republic passing through Kazaure, Daura, Katsina, Jibia to Maradi".[ii] Provision for the project had also already been made in the 2019 Appropriation Bill.

### **A European contractor and a Chinese loan**

The rail line is scheduled for completion within 36 months and is arranged under a 14-year buyer credit and long-term commercial loans. Financing will be provided by China, no surprise there. Contract details such as the interest rate on the loan or enforceable *repayment clauses* are not known or readily available in the public domain.[iii] Borrower and guarantor is the Federal Ministry of Finance of Nigeria on behalf of the Federal Government. Financial advisors to the project are KfW IPEX-Bank and Africa Finance Corporation (AFC).[iv]

The contractor handling the Engineering-Procurement-Construction (EPC) project, which leaves all the risk of the project with the Federal government, is Mota-Engil, a Portuguese company listed on the Portuguese Exchange, Euronext Lisbon. The company was designated as preferred bidder for the project in October 2018 after a due diligence mission conducted by a delegation composed by the Ministry of Finance (MoF), the Nigerian Railway Company

(NRC) and the Infrastructure Concession Regulatory Commission (ICRC). [v] Mota-Engil also recently formed a joint venture with the Nigerian oil company Shoreline Group. Under the new venture, Mota-Engil will hold 51% of Mota-Engil Nigeria. [vi]

### **Positive social and economic effects for the population**

Quoting Mota-Engil “the new railway line will impact a population of approximately 8.8 million people with many positive social and economic effects, including encouraging economic development through ease of access to goods and services, facilitate transport of raw materials and manufactured goods, and creation of employment for a wide range of personnel.”[vii] What these positive social and economic effects for the population are, will have to be put to the test in the future.

So far, the Government’s justification for the project has been underwhelming for Nigerians. The rationale for constructing infrastructure deep into foreign territory remains unknown to the people – who are the ones ultimately paying for this. The public announcement was made by the Minister of Transportation, Rotimi Amaechi on Independence Day, only days before the Spokesperson to the President Garba Shehu had denied this fact via his Twitter handle, where he wrote that the rail project is part of an agreement between Nigeria and Niger that has been coordinated by the Nigeria-Niger Joint Commission for Cooperation and is part of the 2015 ‘Kano-Katsina-Maradi Corridor Master Plan, (K2M).[viii] This Master Plan needs to be made accessible to the public.

### **Purely economic reasons as rationale**

Back in 2018 the public was told that the rail line, when completed, would assist the supply of crude oil from Niger Republic to a new refinery being built in the border town between both countries.[ix] [x] Selling the project has also been linked to a refinery project in Mashi, Katsina State,[xi] and to a planned refinery in Maradi. Why crude should be moved to a refinery by rail has neither been disclosed or justified yet.

The Government’s latest justifications for the rail line are economic and commercial benefits for Nigeria. The attempt by the Minister of Information and Culture, Alhaji Lai Mohammed, to explain the rail extension by citing “economic advantages of import and export of Niger Republic, Chad and Burkina Faso, which are landlocked countries” also stating that “there has been a lot of disinformation and total lack of information” over the rail line amounts to no more than a statement as he did not specifically state how Nigeria stands to benefit. Fair

enough to inform the people that Niger to date has no functioning rail line at all. Neither has Chad, while Burkina Faso has a rail line with a narrow gauge that is not compatible with the narrow gauge in Nigeria.

It is not clear if the minister was airing an opinion when he implied that Nigeria will be able to take over the imports and exports from the mentioned countries with the rail link by connecting them to Nigeria's ports. The simple reason, is to strengthen the economy of Nigeria he said. [xii] Days before, spokesperson to the President Garba Shehu had written on Twitter that the objective of the rail is the harnessing of raw materials, mineral resources, and agricultural produce.

The Maradi region is known as the breadbasket of Niger – predominant crops there are millet and sorghum.[xiii] But the country imports food to meet its needs and is on the FAO list for countries in crisis requiring external assistance for food. As the justification for the rail line is predominately premised on purely economic grounds, one should ask what quantum of trade is needed with Niger, a very poor country of 24 million inhabitants, to justify a US\$2bn investment in economically difficult times. Nigeria imported mainly mineral fuels, oils, distillation products from Niger with a net worth of \$75.53 million and exported mainly agricultural goods worth around \$110 million in 2018. [xiv] A mere 5 per cent of Nigeria's intra West African trade passes through the border with Niger Republic.

The question how the 8.8 million people in the region will benefit also remains to be seen. The railway will have a station in every little town between Dutse and Maradi but the internally generated revenue of Kaduna, Katsina, Kano and Jigawa will be around \$300 million in 2020 which translates into \$30 for each of the 8.8 million people Mota-Engil had talked about. How many people will be able to afford a rail ticket in that region at a price that allows the National Railway Corporation to break even on the route? Difficult to see the economic justification from this perspective.

### **A question of interest**

While many justifications for the project have been shared, it is therefore not clear how it is in the interest of Nigerian people and that is why Nigerians have every reason to be ask questions. The country is re-developing its railways since 2002. Guiding documents are the 25-Year Strategic Vision of the Nigerian Railway System formulated under the Obasanjo presidency and the 2015 National Integrated Infrastructure Master Plan (NIIMP). As the new rail line is not mentioned in the NIIMP, people should be permitted to question the rationale

behind the project that was inaugurated in the absence of recommendation on the viability.

The money now spent for the new rail line could also have been used on building and connecting the much-needed dry ports, food processing zones and existing industries to the nation's growing rail network. A rail network that lacks locomotives, coaches, waggons, trained staff, and money to entertain it. As Donald Duke said on Saturday at a 60th Independence Day Celebration Symposium, "As long as we continue to outsource our development, we will never gain the confidence to develop our nation. It has to be developed by ourselves. ...We need to take it head-on, be prepared to make the mistakes, build those rail lines, build the things that you require. We talk more of investment in infrastructure than skills and that ought not to be and the skills also should involve technology." That is what money should be spent for.

An uneconomic explanation for the newly announced rail line is, that in the usual practice of Nigerian leaders, it is just a part of Buhari's personnel legacy to his homeland, the Daura Emirate. That it is a gift to connect his hometown, and the North with no real benefits? A gift like the Federal University of Transportation, the Air Force referral hospital or the National Directorate of Employment (NDE) that all went to Daura. [xv]Ironically, Buhari came in on the argument of integrity and propriety and as such should have put an end to this tradition. This sort of wastage of national resources and bequeathing legacies that potentially cost future generations large sums must stop if the country itself is to move forward.

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[i] <https://guardian.ng/features/towards-completion-of-old-rail-road-projects-in-another-four-years>

[ii] <https://punchng.com/full-text-muhammadu-buharis-2018-new-year-address/>

[iii] <https://leadership.ng/2020/10/03/kano-maradi-rail-line-eases-transportation-of-cargoes-goods-amaechi/>

[iv] [https://www.s-ge.com/sites/default/files/event/downloads/kama\\_project\\_presentation.pdf](https://www.s-ge.com/sites/default/files/event/downloads/kama_project_presentation.pdf)

[v]

<https://www.bloomberg.com/news/articles/2018-07-11/mota-engil-africa-eyes-1-8-billion-building-projects-in-nigeria>

[vi]

<https://guardian.ng/business-services/shoreline-mota-engil-agreement-births-trade-infrastructure-firm/>

[vii]

[https://www.s-ge.com/sites/default/files/event/downloads/kama\\_railway\\_project\\_information\\_31.7.2019.pdf](https://www.s-ge.com/sites/default/files/event/downloads/kama_railway_project_information_31.7.2019.pdf)

[viii] <https://twitter.com/GarShehu/status/1309181698958069760>

[ix] <https://punchng.com/kano-to-niger-republic-rail-line-to-cover-248km/>

[x]

<https://www.railwaygazette.com/infrastructure/nigeria-plans-railway-northwards-to-niger/47495.article>

[xi] <https://guardian.ng/news/nigeria-niger-refinery-train-link-favours-north-against-south/>

[xii]

<https://www.thisdaylive.com/index.php/2020/10/03/fg-highlights-gains-of-extending-railway-to-niger-republics-border/>

[xiii] <http://www.fao.org/gIEWS/countrybrief/country.jsp?code=NER>

[xiv] <https://tradingeconomics.com/nigeria/exports/niger>

[xv] <https://dailytrust.com/for-buharis-sake-so-many-projects-go-to-daura> □