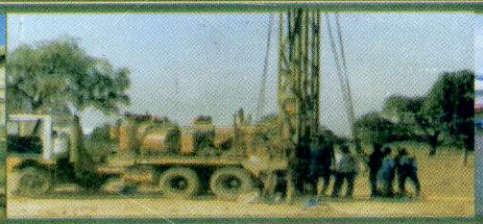
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FEDERAL REPUBLIC OF NIGERIA

NATIONAL COUNCIL ON PRIVATIZATION

Privatisation Handbook

2ND EDITION




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FEDERAL REPUBLIC OF NIGERIA

NATIONAL COUNCIL ON PRIVATISATION

PRIVATISATION HANDBOOK

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Bureau of Public Enterprises "BPE"
Federal Capital Territory, Abuja - Nigeria

2nd Edition
May, 2000

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THE IMPERATIVE OF PRIVATISATION

Up till recently, there have been many years of exhaustive deliberations by stakeholders on how to put the Nigerian economy on the path of sustainable growth and development. Right now, a consensus has emerged on the imperative of privatisation and commercialisation of State-owned enterprises.

Today's inauguration of the National Council on Privatisation is, therefore, very significant in several important respects. Firstly, it is a critical step in our Administration's socio-economic agenda. Secondly, it is a demonstration of our commitment to institutional reforms. Thirdly, the response of stakeholders in the months ahead will enable us determine, with a great measure of accuracy, the extent to which we have regained international faith and confidence in our country in general and in our economy in particular.

It is important to observe that there was a time when it was considered sound economic policy for Government to establish and invest in statutory corporations and state-owned companies. Socialism existed side by side with capitalism. It was argued that public owned companies were better for stimulating and accelerating national economic development than private capital. The result was a proliferation of such state-owned enterprises covering a broad spectrum of economic activities, from steel plants and petro-chemicals, through banks and hotels, to mass transit and abattoirs!

It is estimated that successive Nigerian Governments have invested up to 800 billion naira in public-owned enterprises. Annual returns on this huge investment have been well below 10 per cent. These inefficiencies and, in many cases huge losses, are charged against the public treasury. With declining revenue and escalating demand for effective and affordable social services, the general public has stepped up its yearning for state-owned enterprises to become more efficient.

State enterprises suffer from fundamental problems of defective capital structure, excessive bureaucratic control or intervention, inappropriate technology, gross incompetence and mismanagement, blatant corruption and crippling complacency which monopoly engenders. Inevitably, these shortcomings take a heavy toll on the national economy.

The problems associated with state-owned enterprises and monopolies are not peculiar to Nigeria. It is true, however, that many developing countries have overcome the problems through a well designed and single-minded pursuit of privatisation programme. The rationale is that privatisation permits governments to concentrate resources on their core functions and responsibilities, while enforcing the "rules of the game" so that the markets can work efficiently, with provision of adequate security and basic infrastructure, as well as ensuring access to key services like education, health and environmental protection. The objective is to assist in restructuring the public sector in a manner that will affect a new synergy between a leaner and more efficient government and a revitalised, efficient and service-oriented private sector.

In the case of Nigeria, there are over-whelming facts and figures in support of the absolute necessity to realign ourselves with these global trends. There are over 1000 State-owned enterprises in Nigeria. Many of these enterprises gulped billions of naira without yielding much positive results in terms of customers satisfaction.

It is conservatively estimated that the nation may have lost about 800 million US dollars due to unreliable power supply by NEPA, and another 440 million US dollars through inadequate and inefficient fuel distribution. And figures like this do not even tell the whole story. They cannot, for example, capture the scope of human suffering and even loss of lives caused by shortage of petroleum products. That is not to mention the frustration and debilitation of the informal sector where business centres, repair workshops, hairdressing salons, etc. depend on steady supply of electricity to function.

We are privatising for the benefit of our economic recovery and our social life. We are not embarking on this exercise to please the World Bank or the IMF. It is not designed to share our national assets to a few rich people. We are not about to replace public monopoly with private monopoly. Rather, in our determination to be unyielding and uncompromising in the pursuit of the best interest of this country, we want to remove the financial burden which these enterprises constitute on the public and release resources for the essential functions of government.

We want to ensure that many more service providers are brought in to compete and thereby regulate the market for fairer pricing. We want to ensure that these utilities work and deliver quality services. The process will avoid any possibility of further hardship to the public. A vigorous public enlightenment programme will ensure that as many Nigerians as possible do participate in the programme. The process will be transparent and guided throughout by the best interest of the country and the Nigerian public.

Privatisation is also one of the reforms we have to undertake to integrate our economy into the mainstream of world economic order. There are two interrelated aspects to this integration. In the first place, we need the technology; the managerial competence and the capital from the developed world to enhance the performance of our utilities. Secondly, there are very serious linkages between the efficient functioning of our utilities and our ability to attract foreign investments. We cannot be talking about creating a conducive environment for foreign investments if the performance of our transport, telecommunication and energy sectors remain dismal and epileptic.

The critical issue is how we can carry out a privatisation programme that is well designed, properly coordinated and sequenced, credible and widely acceptable. This is where the National Council on Privatisation has a pivotal role to play. As the apex body on privatisation and commercialisation, the Council is charged, among other things, with the following:

approve policies on privatisation and commercialisation

- approve guidelines and criteria for valuation of public enterprises for privatisation and choice of strategic investors
- approve public enterprises to be privatised or commercialised
- approve the prices for shares or assets of the public enterprise to be offered for sale
- approve the appointment of privatisation advisers and consultants, etc.

As you all are aware, we are not starting privatisation from the scratch. Some work has been done by previous administrations. There is also a pool of knowledge and experience we can draw from other countries that have successfully privatised their state-owned enterprises. Where such previous exercises will promote the integrity and transparency of our privatisation exercise they will be adopted and built upon.

As a first step, we will dispose of government equities quoted on the Lagos Stock Exchange, namely, in cement and banks, which are relatively easy to evaluate. In doing so, the absorptive capacity of the market will be closely watched and efforts would be made to encourage core investors to take preferential allocation.

There is no need for payment of non-refundable deposit of 10,000 US dollars, (as recent newspaper advertisements have been indicating), for this particular exercise. When the shares are ready for sale, they will be equitably available for investors who are interested.

For the utility companies, such as NITEL and NEPA, a lot more work would have to be carried out to prepare them for sale. We have secured the support of the World Bank for a comprehensive management and valuation audit of many of these entities. Privatisation will only follow after we have established the correct value of these parastatals. The government will not be short-changed in this exercise.

The three stages of the programme will be as follows:

a) Phase I - (to be completed by December, 1999) include: Commercial and Merchant Banks and Cement Plants that are already quoted on the stock exchange;

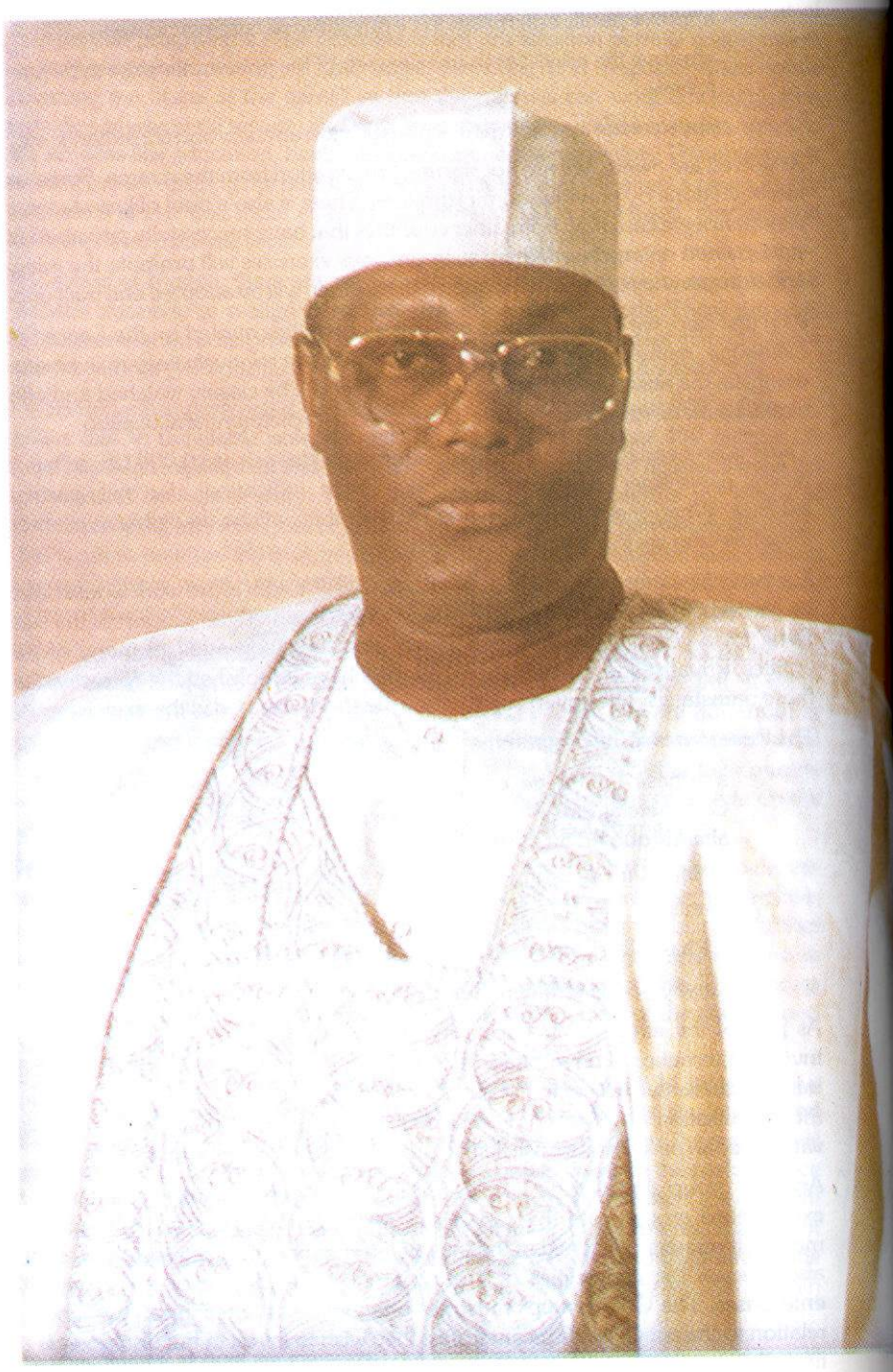
b) Phase II - to include Hotels and Motor and Vehicle Assembly Plants;

c) Phase III - to include NEPA, NITEL, NAFCON, Nigeria Airways; and Petroleum Refineries.

As part of the efforts to ensure transparency, our Privatisation Programme will involve international privatisation advisers. This will not only enhance credibility but also guarantee access to the special skills and knowledge required for handling the Privatisation of utilities. It is expected that the international advisers working with Nigerian professionals will help to provide the desired investment climate.

Another group that will be involved will be Core Group Investors. These are experienced groups with the capabilities for adding value to an enterprise and making it operate efficiently in the face of international competition. They should also possess the capabilities of turning around the fortune of such unhealthy enterprises. The Core Groups must not only possess the technical know-how in relation to the activities of the enterprise they wish to invest in but also possess the financial capacity to pay competitive price for the enterprise and increase their capital base.

It is now my pleasure to formally inaugurate the National Council on Privatisation and to wish the Chairman and members the very best of luck.



His Excellency
ATIKU ABUBAKAR
VICE PRESIDENT OF THE FEDERAL REPUBLIC OF NIGERIA
CHAIRMAN, NATIONAL COUNCIL ON PRIVATISATION

Acceptance Speech by His Excellency, Atiku Abubakar Vice - President Federal Republic of Nigeria on the occasion of the Inauguration of the National Council on Privatisation

I wish to begin by expressing my profound gratitude to the President, Commander-in-Chief, for entrusting me and members of the National Council on Privatisation with the strategic assignment of piloting the nation's privatisation and commercialisation programme. I also congratulate Mr. President for taking this major stride in putting our national economy on the path of sustainable growth and development.

Mr. President, you have left us in no doubt about the very high expectations from this Council. We appreciate that apart from the intrinsic importance of the Privatisation Programme to the nation and international community, it will be a test case for the efficacy and sincerity of all the other major public sector reforms we have so far undertaken. The design and implementation of our Privatisation Programme will give a practical meaning and illustration to the redefined role of government as an enabler, as well as our commitment to transparency and accountability.

Having worked so closely with you Sir, we not only share your vision and values but we have also imbibed your missionary commitment to the highest ideals of public service which we will bring to bear on the conduct of our assignment. Consequently, the Council will strive to keep the public well informed as to who is buying what, at what price and on what terms. We will remain fully conscious of the interests of the various segments of our society, particularly the ordinary citizen, in the implementation of the privatisation programme. In this regard, we are keenly conscious of the very high premium which Your Excellency places on putting a human face on our economic policies. Consequently, we will never lose sight of how our activities impact on the quality of life of our citizens especially in view of the fear in many quarters that privatisation will price utilities out of the reach of the common man.

In an undertaking of this magnitude, some of the critical success factors are strong political will and commitment, vigorous and sustained implementation by those charged with the responsibility as well as mass participation, involvement and support of all stakeholders. By far the most important is political will or commitment which is already guaranteed. I wish to assure you that the Council will work assiduously to ensure that the other factors are in place. We will cast our net wide to attract Nigerians from private and public sectors with the requisite qualifications and experience for technical advice as and when necessary. We will also strive hard to operate within the legal framework of the Public Enterprises (Privatisation and Commercialisation) Act 1999.

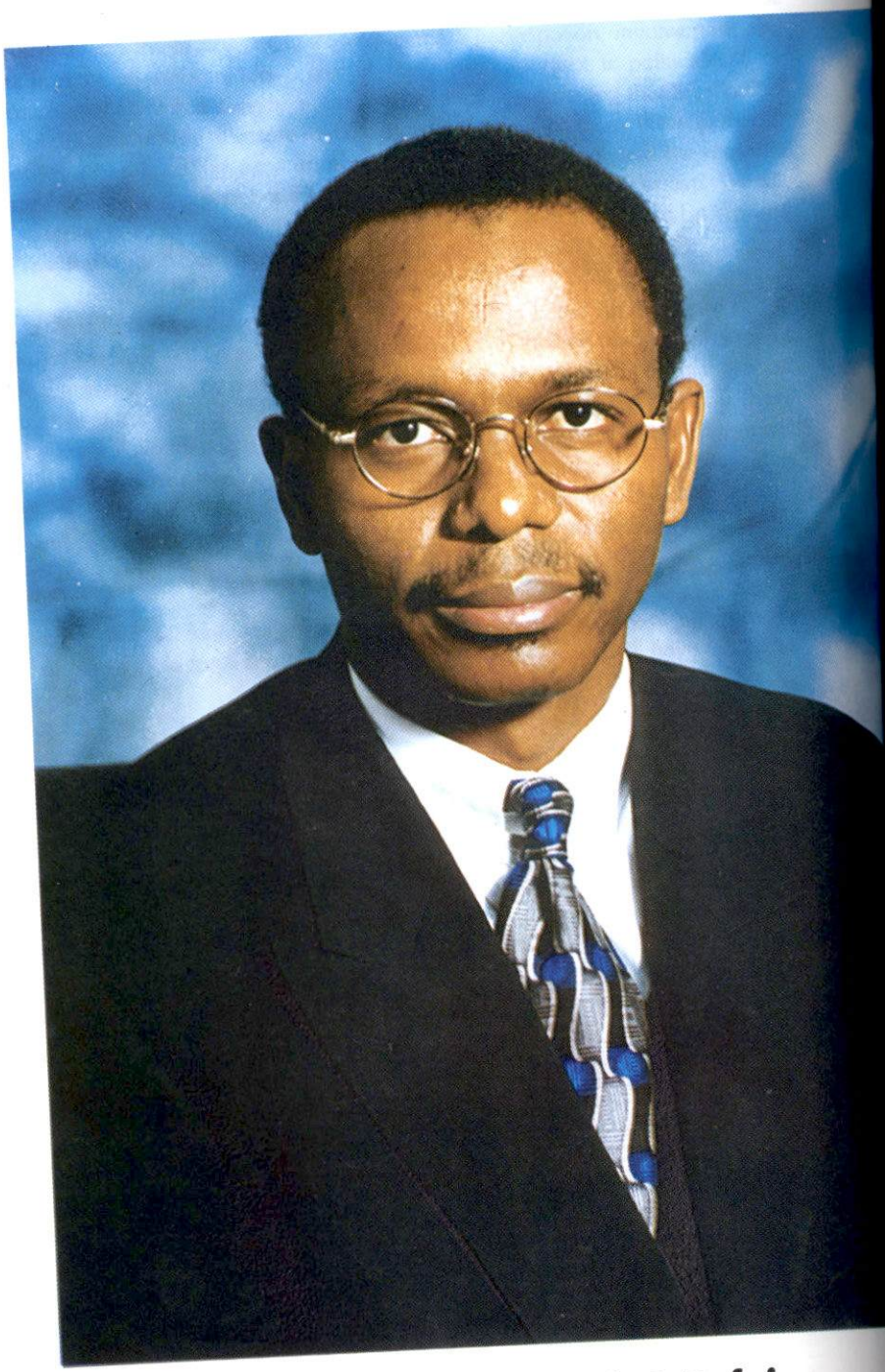
It is very fortuitous that our Council is being inaugurated on the heels of the recently established Presidential Consultative Committee on the Revitalisation of the Economy. It is my belief that the activities of the two bodies, to which a good number of our members belong, will be mutually reinforcing. In this way, those who are still wondering about the economic direction of our Administration will soon be convinced that we are totally committed to a reinvigorated, public sector-driven economy. I, therefore, urge the private sector and the international business community to have faith and confidence in the genuineness of our economic reform measures.

Finally, Mr. President, since the buck of Privatistaion can only move from the Chairman's table to yours, I have assured our members we will have your total support.

Thank you.

The Enabling Legislation





Mallam Nasir Ahmad EL-Rufai
Director-General, Bureau of Public Enterprises
Member/Secretary, National Council on Privatisation

PUBLIC ENTERPRISES (PRIVATISATION AND COMMERCIALISATION) ACT 1999

ARRANGEMENT OF SECTIONS

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Privatisation and Commercialisation of Public Enterprises

1. Enterprises to be privatised.
2. Mode of Privatisation.
3. Further divestment of Federal Government's shares.
4. Management of privatised enterprises.
5. Allotment of shares of privatised enterprises
6. Partial and full commercialisation.
7. Annual report on privatisation and commercialisation.
8. Special provisions relating to commercialised enterprises.

PART II

NATIONAL COUNCIL ON PRIVATISATION

9. Establishment and membership of the National Council on Privatisation.
10. Tenure of office of members of the Council.
11. Functions and powers of the Council.

PART III

BUREAU OF PUBLIC ENTERPRISES

12. Establishment of the Bureau of Public Enterprises.
13. Functions: privatisation.
14. Functions: commercialisation
15. Other functions of the Bureau.
16. Powers of the Bureau.
17. Appointment of the Director-General and other staff.
18. Pensions Act.
19. Establishment of Privatisation Proceeds Account.
20. Fund of the Bureau.
21. Estimates of expenditure and income.
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LEGAL PROCEEDINGS

23. Limitation of suits against the Bureau, etc.
24. Service of documents.
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PART V

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28. Powers of the Panel.
29. Proceedings of the Panel.
30. Other arbitration laws not applicable.

PART VI

MISCELLANEOUS

31. Regulations.
32. Repeal of 1993 No. 78.
33. Savings, etc.
34. Interpretation.
35. Citation and commencement.

SCHEDULES

Act No. 28

[31st December 1999]

Commencement.

THE FEDERAL MILITARY GOVERNMENT

hereby enact as follows:

PART I

PRIVATISATION AND COMMERCIALISATION OF PUBLIC ENTERPRISES

A - Privatisation

1. -(1) The enterprises listed in Part I of the First Schedule to this Decree shall be partially privatised in accordance with the provisions of this Decree.

Enterprises to be privatised. First Schedule

(2) The enterprises listed in Part II of the First Schedule to this Decree shall be fully privatised in accordance with the provisions of this Decree.

(3) The National Council on Privatisation (in this Decree referred to as "the Council") established under section 8 of this Decree may, from time to time, by order published in the Gazette alter, add, delete, or amend the provisions of the First Schedule to this Decree.

2.-(1) Subject to the provisions of section 11(f) of this Decree, an offer for the sale of the shares of a public enterprise shall be by public issue or private placement, as the case may be.

Mode of privatisation.

(2) An offer for the sale of shares by public issue to Nigerians may be made at the capital market.

(3) Where the shares of an enterprise are not to be offered for sale by public issue of share or private placement, the Council may, approve that the shares be offered for sale through a willing seller and willing buyer basis or through any other means.

3. Without prejudice to the provisions of this Decree, the Government of the Federation may further divest of its shareholding in the privatised enterprises in accordance with the policy guidelines and decisions issued, from time to time, by the Council, so however that the Council may dispose of the shares or a part thereof to interested investors through any local or international capital market.

Further divestment of Federal Government's shares.

4. A privatised enterprise which requires participation by strategic investors may be managed by the strategic investors as from the effective date of the privatisation on such terms and conditions as may be agreed upon.

Management of privatised enterprises.

5. -(1) Subject to any direction of the Council and without prejudice to the provisions of section 2 of this Act, the shares of the enterprises to be allotted to Nigerians under this Decree by public offer shall be in accordance with the provisions of subsections (2), (3) and (4) of this section.

Allotment of shares of privatised enterprises.

(2) The shares on offer to Nigerians shall be sold on the basis of equality of States of the Federation and of the residents of the Federal Capital Territory, Abuja.

(3) Not less than 1 per cent of the shares to be offered for sale to Nigerians shall be reserved for the staff of the public enterprises to be privatised and the shares shall be held in trust by the public enterprises for its employees.

(4) Where there is an over-subscription for the purchase of the shares of privatised public enterprise no individual subscriber shall be entitled to hold more than 0.1 per cent equity shares in the privatised public enterprise.

B - Commercialisation

6. - (1) The enterprises listed in Part I of the Second Schedule to this Decree shall be partially commercialised in accordance with the provisions of this Decree.

Partial and full commercialisation. Second Schedule.

(2) The enterprises specified in Part II of the Second Schedule to this Decree shall be fully commercialised in accordance with the provisions of this Decree.

(3) The Council may, from time to time, by order published in the Gazette amend the Second Schedule to this Decree so as to alter the category to which any enterprise listed in that Schedule shall be classified.

7. The Council shall prepare and submit to the Head of State, Commander-in-Chief of the Armed Forces not later than 30th June in each year, a report in such form as the Head of State, Commander-in-Chief of the Armed Forces may direct on the privatisation and commercialisation of public enterprises during the immediately preceding year.

Annual Report on privatisation and commercialisation of public enterprises.

8. Notwithstanding the provisions of any other enactment and without prejudice to the generality of section 6 of this Decree, a commercialised enterprise shall operate as a purely commercial enterprise and may, subject to the general regulatory power of the Government of the Federation -

Special provision relating to commercialised enterprises

(a) fix the rates, prices and charges for goods and services it provides;
(b) capitalise its assets;
(c) borrow money and issue debenture stocks; and
(d) sue and be sued in its corporate name.

PART II

NATIONAL COUNCIL ON PRIVATISATION

A - Establishment and Composition, etc.

9.-(1) There is hereby established the National Council on Privatisation (in this Decree referred to as "the Council").

Establishment and membership of the National Council on Privatisation.

(2) The Council shall consist of -

(a) The Chief of General Staff, as Chairman;

(b) The Minister of Finance, as Vice Chairman;

(c) The Attorney-general of The Federation And Minister of Justice;

(d) The Minister of Industries;

(e) The Minister of National Planning;

(f) The Secretary to The Government Of The Federation;

(g) The Governor of The Central Bank Of Nigeria;

(h)the Special Adviser to The Head of State, Commander-in-chief of The Armed Forces on Economic Affairs;

(i) Four Other Members to be appointed by the Head of State, Commander-in-Chief of The Armed Forces; and

(j) The Director-General of The Bureau of Public Enterprises.

(3) Notwithstanding The provisions of subsection (2) of this section, the Council may co-opt the supervising Minister of an affected public enterprise to attend relevant meetings of the Council.

(4) The Supplementary Provisions Contained in the Third Schedule to this Decree shall have effect with respect to the proceedings of the Council and the other matters contained in the Schedule.

10. Subject to the provisions of this Decree, a member of the Council, other than an ex-officio member -

Tenure of office of members of the Council.

(a) shall hold office for a term of four years in the first instance and may be re-appointed for a further term of four years and no more; and

(b) on such terms and conditions as may be specified in his letter of appointment.

B - Functions and Powers of the Council

11. The functions and powers of the Council are to -

(a) determine the political, economic and social objectives of privatisation and commercialisation of public enterprises;

Functions and powers of the Council

(b) approve policies on privatisation and commercialisation;

(C)approve guidelines and criteria for valuation of public enterprises for privatisation and choice of strategic investors;

(d) approve public enterprises to be privatised or commercialised;

(e) approve the legal and regulatory framework for the public enterprises to be privatised;

(f) determine whether the shares of a listed public enterprise should be by public or private issue or otherwise and advise the Government of the Federation, accordingly;

(g) determine the time and when a public enterprise is to be privatised;

(h) approve the prices for shares or assets of the public enterprise to be offered for sale;

(i) review, from time to time, the socio-economic effect of the programme of privatisation and commercialisation and decide on appropriate remedies;

(j) approve the appointment of privatisation advisers and consultants and their remuneration;

(k) appoint as and when necessary committees comprising persons from private and public sectors with requisite technical competence to advise on the privatisation or commercialisation of specific public enterprises;

(L) approve the budget of the Council;

(m) approve the budget of the Bureau;

(n) supervise the activities of the Bureau and issue directions on the implementation of the privatisation and commercialisation programme;

(o) received and consider, for approval, the audited accounts of the Bureau;

(p) submit to the Head of State, Commander-in-Chief of the Armed Forces in each year a report on the activities of the Council and the Bureau;

(q) receive regular and periodic reports from the Bureau on programme implementation and give appropriate directions; and

(r) perform such other functions as may, from time to time be necessary to achieve its objectives.

PART III

BUREAU OF PUBLIC ENTERPRISES

A - Establishment, etc.

12.-(1) There is hereby established a body to be known as the Bureau of Public Enterprises (in this Act referred to as "the Bureau").

Establishment of the Bureau of Public Enterprises.

(2) The Bureau shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its corporate name.

B - Functions of the Bureau

13.-(1) The functions of the Bureau with respect to privatisation are to -

Functions: Privatisation.

(a) implement the Council's policy on privatisation;

(b) prepare public enterprises approved by the Council for privatisation;

(c) advise the Council on further public enterprises that may be privatised

(d) advise council on the capital restructuring needs of the public enterprises to be privatised;

(e) carry out all activities required for the successful issue of shares and sale of assets of the public enterprises to be privatised;

(f) make recommendations to the Council on the appointment of consultants, advisers, investment bankers, issuing houses, stock brokers, solicitors, trustees, accountants and other professionals required for the purposes of privatisation;

(g) advise the Council on the allotment pattern for the sale of the shares of the public enterprises set out for privatisation;

(h) oversee the actual sale of shares of the public enterprises to be privatised, by the issuing houses, in accordance with the guidelines approved, from time to time, by the Council;

(i) ensure the success of the privatisation exercise taking into account the need for balance and meaningful participation by Nigerians and foreigners in accordance with the relevant laws of Nigeria; and

(j) perform such functions with respect to privatisation as the Council may, from time to time, assign to it.

14. The functions of the Bureau in respect of commercialisation are to -

(a) implement the Council's policy on commercialisation;

Functions: Commercialsation

(b) prepare public enterprises approved by the Council for commercialisation:

(c) advise the Council on further public enterprises that may be commercialised;

(d) ensure the updating of the accounts of all commercialised enterprises to ensure financial discipline;

(e) ensure the success of the commercialisation exercise and monitor, on a continuous basis for such period as may be considered necessary, the operations of the public enterprises after commercialisation;

(f) review the objectives for which public enterprises were established in order to ensure that they adapt to the changing needs of the economy;

(g) ensure that public enterprises are managed in accordance with sound commercial principles and prudent financial practices;

(h) interface with the public enterprises, together with the supervising Ministries, in order to ensure effective monitoring and safeguarding of the public enterprises' managerial autonomy;

(i) ensure that the Board and Management of each commercialised enterprise and the Government of the Federation, keep to the terms and conditions of the Performance Agreements, if any, between the public enterprise concerned and the Government of the Federation;

(j) maintain and review on a continuous basis, any Performance Agreement between a public enterprise and the Government of the Federation; and

(k) evaluate and recommend to the Council whether or not a public enterprise is eligible for funding through grants, loans, subventions or equity; and

(l) perform such functions with respect to commercialisation as the Council may, from time to time, assign to it.

15. The Bureau shall -

(a) provide secretarial support to the Council; and

Other functions of the Bureau.

(b) carry out such other duties and responsibilities as may be assigned to it from time to time by the Council.

16. The Bureau shall, subject to the overall supervision of the Council, have power to -

Powers of the Bureau.

(a) acquire, hold and manage movable and immovable property;

(b) enter into contracts or partnerships with any company, firm or person which in its opinion will facilitate the discharge of its functions;

(c) request for and obtain from any public enterprise statistical and other information including reports, memoranda and audited accounts and other information relevant to its functions under this Act; and

(d) liaise with relevant bodies or institutions locally or overseas for effective performance of its functions under this Act.

D - Staff of the Bureau

17.-(1) There shall be appointed for the Bureau, a Director-General who shall -

Appointment of the Director-General and other staff.

(a) be appointed by the Head of State, Commander-in-Chief of the Armed Forces on the recommendation of the Chairman of the Council; and

(b) not be below the rank of a Permanent Secretary in the civil service of the Federation.

(2) The Director-General shall be the chief executive of the Bureau and the Secretary to the Council and shall hold office -

(a) for a period of 4 years in the first instance and may be re-appointed for a further period of 4 years; and

(b) on such terms and conditions as may be specified in his letter of appointment.

(3) There shall be for the Bureau a management committee comprising the Director-General and departmental heads who shall be responsible for the implementation of the policies of the Council and the day to day administration of the Bureau.

(4) The Bureau may appoint such number of other persons to be employees of the Bureau in the performance of its functions under this Act.

(5) Notwithstanding the provisions of subsection (4) of this section, employees of the Bureau may be appointed by way of transfer or secondment from any of the public services of the Federation.

18.-(1) It is hereby declared that service in the Bureau shall be an approved service for purposes of the Pensions Act and accordingly employees of the Bureau shall, in respect of their services be entitled to pensions, gratuities and other retirement benefits as are enjoyed by persons holding equivalent grades in the civil service of the Federation.

Pensions Act Cap. 346 LFN

(2) Notwithstanding the provisions of subsection (1) of this section nothing in this Act shall prevent the appointment of a person to any office on terms which preclude the grant of a pension and gratuity in respect of that office.

(3) For the purposes of the application of the provisions of the Pensions Act, any power exercisable thereunder by the Minister or other authority of the Government of the Federation, other than the power to make regulations under section 23 thereof, is hereby vested in and shall be exercisable by the Council and not by any other authority.

E - Financial Provisions

19.-(1) There is hereby established in the Central Bank of Nigeria an account to be known as the Privatisation Proceeds Account into which shall be paid all proceeds received from the privatisation of public enterprises before and after the commencement of this Act.

Establishment of Privatisation Proceeds Account

(2) The funds in the account established under subsection (1) of this section shall be utilised for such purposes as may be determined by the Government of the Federation from time to time.

20.-(1) The Bureau shall establish and maintain a fund, to be approved by the Council from which shall be defrayed all expenditures incurred by it.

Fund of the Bureau

(2) There shall be paid and credited to the fund established pursuant to subsection (1) of this section -

(a) The annual subvention received from the Government of the Federation;

(b) Such money as may, from time to time, be lent, deposited with or granted to the Bureau by the Government of the Federation, of a State, or a Local Government;

(c) All subventions, fees, and charges for services rendered or publications made by the Bureau; and

(d) All other assets which may, from time to time, accrue to the Bureau.

(3) The fund shall be managed in accordance with rules made by the Council and without prejudice to the generality of the power to make rules under this subsection, the rules shall in particular contain provisions -

(a) Specify the manner in which assets or the fund of the Bureau are to be held and regulating the making of payment into and out of the fund; and

(b) Requiring the keeping of proper accounts and records for the purposes of the fund in such form as may be specified in the rules.

(4) The Bureau may, from time to time, apply the proceeds of the fund established in pursuance of subsection (2) of this section for the following purposes -

(a) The cost of administration of the Bureau;

(b) The reimbursement of members of the Council or any committee set up by the Council for such expenses as may be authorised by the Council, and where they exist, in accordance with the rates approved by the Government of the Federation.

(c) the payments of salaries, fees and other remuneration, allowances, pensions and gratuities payable to members of the Council, employees of the Bureau or experts or professionals appointed by the Bureau;

(d) the maintenance of any property acquired or vested in the Bureau; and

(e) any matter connected with all or any of the functions of the Bureau under this Act.

21.-1(1) The Bureau shall not later than 31st of October in each year, submit to the Council an estimate of its expenditure and income during the next succeeding year.

Estimates of expenditure and income.

(2) The Bureau shall cause the net surplus of receipts and payments made to it in every year to be paid to the Government of the Federation.

22.-(1) The Bureau shall keep proper accounts and records of its receipts, payments, assets and liabilities and shall in respect of each year prepare a statement of account in such form as the Council may direct.

Accounts and audit.

(2) The Bureau shall within 6 months after the end of the financial year to which the accounts relate, cause the accounts to be audited by auditors appointed from the list and in accordance with guidelines supplied by the Auditor-General of the Federation.

PART IV

LEGAL PROCEEDINGS

23.-(1) Subject to the provisions of this Act, the provisions of the Public Officers Protection Act shall apply in relation to any suit instituted against any officer or employee of the Bureau.

(2) Notwithstanding anything contained in any other law or enactment, no suit shall lie against any member of the Council, the Director-General or any other officer or employee of the Bureau for any act done in pursuance or execution of this Act or any other law or enactment, or of any public duty or authority or in respect of any alleged neglect or default in the execution of this Act or such law or enactment, duty or authority, shall lie or be instituted in any court unless -

(a) it is commenced within three months next after the act, neglect or default complained of; or

(b) in the case of a continuation of damage or injury, within six months next after the ceasing thereof.

(3) No suit shall be commenced against a member of the Council, the Director-General, officer or employee of the Bureau before the expiration of a period of one month after written notice of intention to commence the suit shall have been served upon the Bureau by the intending plaintiff or his agent.

(4) The notice referred to in subsection (3) of this section shall clearly and explicitly state the cause of action, the particulars of the claim, the name and place of abode of the intending plaintiff and the relief which he claims.

24. A notice, summons or other document required or authorised to be served upon the Bureau under the provisions of this Act or any other law or enactment may be served by delivering it to the Director-General or by sending it by registered post and addressed to the Director-General at the principal office of the Bureau.

Services of documents.

25.-(1) In any action or suit against the Bureau, no execution or attachment of process in the nature thereof shall be issued against the Bureau.

Restriction on execution against property of the Bureau.

(2) Any sum of money which may by the judgement of any court be awarded against the Bureau shall, subject to any direction given by court where notice of appeal of the said judgement has been given, be paid from the general reserve fund of the Bureau.

26. A member of the Council, the Director-General, any officer or employee of the Bureau shall be indemnified out of the assets of the Bureau against any proceeding, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, if any such proceeding is brought against him in his capacity as a member of the Council, the Director-General, officer or employee of the Bureau.

Indemnity of officers.

PART V

PUBLIC ENTERPRISES ARBITRATION PANEL, ETC

27.-(1) There is hereby established under this Act an ad-hoc body to be known as the Public Enterprises Arbitration Panel (in this Act referred to as "the Panel") which shall be responsible for effecting prompt settlement of any dispute arising between an enterprise and the Council or the Bureau.

Establishment and membership of the Public Enterprises Arbitration Panel.

(2) The Panel shall consist of five persons who shall be persons of proven integrity one of whom shall be the Chairman.

(3) The member of the Panel shall be paid such remuneration and allowances as may be determined by the Government of the Federation.

(4) The Council shall appoint the members of the Panel on such term and conditions as it may deem fit.

28.-(1) The Panel shall have power to arbitrate -

Powers of the Panel.

(a) in any dispute raising questions as to the interpretation of any of the provisions of a Performance Agreement; or

(b) in any dispute on the performance or non-performance by any enterprise of its undertakings under a Performance Agreement.

(2) A dispute on the performance or non-performance by any of the parties to the Performance Agreement shall, in the case of a commercialised enterprise, lie to that Panel providing that such reference may be made after all reasonable efforts to resolve the dispute have been made and have not been proved.

(3) The ruling of the Panel shall be binding on the parties and no appeal shall lie from a decision of the Panel to any court of law or tribunal.

29.-(1) Subject to this section and section 27 of the Interpretation Act, the Panel, may make standing orders regulating its proceedings.

Proceedings of the Panel Cap. 192 LFN.

(2) The Chairman of the Panel shall preside at every session of the Panel.

(3) The quorum at any session of the Panel shall be the Chairman and two other members.

30. The provisions of the Arbitration and Conciliation Act 1988 or any other enactment or law relating to arbitration shall be applicable to any matter which is the subject of arbitration under this Act.

Other arbitration laws not applicable. 1988 No. 11.

PART VI

MISCELLANEOUS

31. The Council may make regulations generally for the purpose of giving effect to the provisions of this Act.

Regulations.

32. The Bureau of Public Enterprises Act 1993 is here repealed.

Repeal of 1993 No. 78

33. The statutory functions, rights, interests, obligations and liabilities of the Bureau, existing before the commencement of this Act under any contract or instrument, or in law or in equity shall, by virtue of this Act, be deemed to have been assigned to and vested in the Bureau established by this Act.

Savings, etc

(2) Any such contract or instrument as is mentioned in subsection (1) of this section, shall be of the same force and effect against or in favour of the Bureau established by this Act and shall be enforceable as fully and effectively as if instead of the Bureau existing before the commencement of this Act, the Bureau established by this Act has been named therein or had been a party thereto.

(3) The Bureau established by this Act shall be subject to all the obligations and liabilities to which the Bureau existing before the commencement of this Act was subject immediately before the commencement of this Act and all other persons shall have the same rights, powers and remedies against the Bureau established by this Act as they had against the Bureau existing before the commencement of this Act.

(4) Any proceeding or cause of action pending or existing immediately before the commencement of this Act, by or against the Bureau existing before the commencement of this Act in respect of any right, interest, obligation or liability of the Bureau existing before the commencement of this Act may be continued or as the case may be commenced and any determination of a court of law, tribunal or other authority or person may be enforced by or against the Bureau established by this Act to the same extent that such proceeding or cause of action or determination might have been continued, commenced or enforced by or against the Bureau existing before the commencement of this Act.

(5) All assets, funds, resources and other movable or immovable property which immediately before the commencement of this Act, were vested in the Bureau existing before the commencement of this Act shall by virtue of this Act and without further assurance, be vested in the Bureau established by this Act.

(6) Any person who immediately before the coming into force of this Act is the holder of any office in the Bureau existing before the commencement of this Act shall, on the commencement of this Act, continue in office and be deemed to have been appointed to his office by the Bureau established by this Act unless the authority by which the person was appointed terminates the appointment.

34. In this Act, unless the context otherwise provides -

Interpretation.

"Bureau" mean the Bureau of Public Enterprises established by section 11 of this Act;

"Council" means the National Council on Privatisation established under section 8 of this Act;

"Nigerians" for the purpose of this Act means citizens of Nigeria and companies incorporated in Nigeria whose shares are wholly owned by citizens of Nigeria;

"Panel" means the Public Enterprises Arbitration Panel established by section 26 of this Act;

"public enterprise' means any corporation, board, company or parastatal established by or under any enactment in which the Government of the Federation, a Ministry, or Extra-Ministerial Department, or agency has ownership, or equity interest and includes a partnership, joint venture or any other form of business arrangement or organisation;

"strategic investor" means a reputable core investor or group of investors having the requisite technical expertise, the managerial experience and the financial capacity to effectively contribute to the management of the enterprises to be privatised.

35. This Decree may be cited as the Public Enterprises (Privatisation and Commercialisation) Act 1999 and shall be deemed to have come into force on 31st December, 1998.

SCHEDULES

FIRST SCHEDULE

Section 1 (1)

PART I

ENTERPRISES IN WHICH EQUITY HELD SHALL BE PARTIALLY PRIVATISED

ENTERPRISES	Maximum Strategic Investor Participation as a Percentage after Privatisation	Maximum Federal Government Parastatal as Percentage After Privatisation	Nigeria Individuals Participation as Percentage after Privatisation
TELECOMMUNICATION SECTOR			
1. Nigerian Telecommunication Plc	40%	40%	20%
2. Nigeria Mobile Telecommunication Ltd	40%	40%	20%
ELECTRICITY SECTOR			
National Electric Power Authority	40%	40%	20%
PETROLEUM/OIL SECTOR			
1. Port-Harcourt Refinery (i)	40%	40%	20%
Port-Harcourt Refinery (ii)	40%	40%	20%
2. Kaduna Refinery and Petro-Chemicals	40%	40%	20%
3. Warri Refinery and Petro-Chemicals	40%	40%	20%
4. Eleme Petrochemicals Company Ltd.	40%	40%	20%
5. Pipelines Product and Marketing Company Ltd.	40%	40%	20%

ENTERPRISES	Maximum Strategic Investor Participation as a Percentage after Privatisation	Maximum Federal Government Parastatal as Percentage After Privatisation	Nigeria Individuals Participation as Percentage after Privatisation
6. Nigerian Petroleum Development Company Limited	40%	40%	20%
FERTILIZER COMPANIES			
1. Federal Superphosphate Fertilizer Company Limited	40%	40%	20%
2. National Fertilizer Company Nigeria Limited	40%	40%	20%
MACHINE TOOLS			
1. Nigerian Machine Tools Company Limited	40%	40%	20%
GAS			
Nigeria Gas Company Limited	40%	40%	20%
STEEL & ALUMINUM SECTOR			
1. Jos Steel Rolling Mill Limited	40%	40%	20%
2. Katsina Steel Rolling Mill Company Limited	40%	40%	20%
3. Oshogbo Steel Rolling Company Limited	40%	40%	20%
4. Ajaokuta Steel Company Limited	40%	40%	20%
5. Delta Steel Company Limited	40%	40%	20%
6. Aluminum Smelter Company Limited	40%	40%	20%

ENTERPRISES	Maximum Strategic Investor Participation as a Percentage after Privatisation	Maximum Federal Government Parastatal as Percentage After Privatisation	Nigeria Individuals Participation as Percentage after Privatisation
MINING AND SOLID MINERALS SECTOR			
1. Nigerian Coal Corporation and subsidiaries	40%	40%	20%
2. Nigerian Mining Corporation And Subsidiaries	40%	40%	20%
3. Nigerian Uranium Company Limited	40%	40%	20%
4. Nigerian Iron-ore Mining Company Limited	40%	40%	20%
MEDIA COMPANIES			
1. Daily Times of Nigeria Plc and Subsidiaries	40%	40%	20%
2. New Nigerian Newspapers Limited	40%	40%	20%
INSURANCE COMPANIES			
1. NICON Insurance Company Plc	40%	40%	20%
2. Nigerian Reinsurance Plc	40%	40%	20%
TRANSPORT AND AVIATION COMPANIES			
1. Federal Airports Authority of Nigeria	40%	40%	20%
2. Nigerdock Limited	40%	40%	20%
3. Nigeria Airways Limited	40%	40%	20%

ENTERPRISES	Maximum Strategic Investor Participation as a Percentage after Privatisation	Maximum Federal Government Parastatal as Percentage After Privatisation	Nigeria Individuals Participation as Percentage after Privatisation
PAPER COMPANIES			
1. Nigerian National Paper Manufacturing Company Limited, Iwopin	40%	40%	20%
2. Nigerian Newsprint Manufacturing Company Limited, Oku Ibokun	40%	40%	20%
3. Nigeria Paper Mills	40%	40%	20%
SUGAR COMPANIES			
1. Sunti Sugar Company Limited	40%	40%	20%
2. Lafiaji Sugar Company	40%	40%	20%
3. Nigeria Sugar Company Bacita	40%	40%	20%

FIRST SCHEDULE

Section 1 (1)

PART II

ENTERPRISES IN WHICH EQUITY HELD SHALL BE FULLY PRIVATIZED

	Federal Government Ownership	Post Privatisation Federal Government Ownership
INFRASTRUCTURE UTILITY COMPANIES		
1. UnipetrolPlc	40%	Nil
2. National Oil and chemical Company Limited	40%	Nil
3. African Petroleum Plc	40%	Nil
CEMENT COMPANIES		
1. Ashaka Cement Company Plc	30%	Nil
2. Benue Cement Company Plc	30%	Nil
3. Northern Nigeria Cement Company Plc	30%	Nil
4. Nigeria Cement Company Limited Nkalagu	10%	Nil
5. Calabar Cement Company Limited	40%	Nil
6. West African Portland Cement Plc	27%	Nil
COMMERCIAL AND MERCHANT BANKS		
1. Afribank Nigeria Plc		Nil
2. Assurance Bank Plc		Nil
3. FSB International Bank Plc (Shares owned by Parastatals		Nil
4. International Merchant Bank Plc		Nil
5. NAL Merchant Bank Plc		Nil

INFRASTRUCTURE UTILITY COMPANIES	Federal Government Ownership	Post Privatisation Federal Government Ownership
AGRO-ALLIED		
1. Ayip-Eku Oil Palm Company Plc	25%	Nil
2. Opobo Boat Yard	25%	Nil
3. Nigerian Romania Wood Industries Limited	25%	Nil
MOTOR VEHICLES AND TRUCK ASSEMBLY COMPANIES		
1. Anambra Motor Manufacturing Company Limited	35%	Nil
2. Leyland Nigeria Limited	35%	Nil
3. Nigeria Truck Manufacturing Company	35%	Nil
4. Peugeot Automobile of Nigeria Limited	35%	Ni
5. Volkswagen of Nigeria Limited	35%	Nil
6. Steyr Nigeria Limited	35%	Nil
HOTELS		
1. Nigeria Hotels Limited	47%	Nil
2. Festac 77 Plc	100%	Nil

SECOND SCHEDULE

Section 6 (1)

PART 1

PARTIAL COMMERCIALISATION

1. Nigerian Railway Corporation
2. Cross River Basin Development Authority
3. Hadejia-Jama'are River Basin Development Authority
4. Lower Benue River Basin Development Authority
5. Nigeria River Basin Development Authority
6. Ogun-Osun River Basin Development Authority
7. Upper Benue River Basin Development Authority
8. Sokoto-Rima River Basin Development Authority
9. Anambra-Imo River Basin Development Authority
10. Benin Owena River Basin Development Authority
11. Chad River Basin Development Authority
12. Kainji Lake National Park
13. Federal Radio Corporation of Nigeria
14. Nigerian Television Authority
15. News Agency of Nigeria
16. Nigerian Film Corporation
17. Nigerian Postal Services (NIPOST)
18. Old Oyo National Park
19. Gashaka Gumi National Park
20. Chad Basin National Park
21. Yankari National Park
22. Cross River National Park
23. Niger Delta Basin Authority
24. Niger Delta Development Authority.

PART

Section 6 (2)

FULL COMMERCIALISATION

1. Nigerian National Petroleum Corporation
2. Tafawa Balewa Square Management Committee
3. Nigerian Ports Authority
4. Federal Mortgage Bank of Nigeria
5. Nigerian Industrial Development Bank Limited
6. Nigerian Bank for Commerce and Industry Limited
7. Federal Mortgage Finance Co. Limited
8. Federal Housing Authority
9. Nigerian Social Insurance Trust Fund

THIRD SCHEDULE

Section 9(4)

SUPPLEMENTARY PROVISIONS RELATING TO THE COUNCIL

Proceedings of the Council

1. (1) Subject to this Act and section 27 of the International Act, the Council may make standing orders regulating its proceedings or those of any of its committees.

Cap. 192 LFN

(2) The quorum of the Council shall be five members and the quorum of any committee of the Council shall be determined by the Council.

2.- (1) The Council shall meet not less than four times in each year and subject thereto, the Council shall meet whenever it is summoned by the Chairman; and if the Chairman is required to do so by notice given to him by not less than three other members, he shall summon a meeting of the Council to be held within fourteen days from the date on which the notice is given.

(2) At any meeting of the Council, the Chairman shall preside but if he is absent, the Vice-Chairman shall preside at that meeting.

(3) If the Vice-Chairman is absent, the members present at the meeting shall appoint one of their number to preside at that meeting.

(3) Where the Council desires to obtain the advice of any person on a particular matter, the Council may co-opt him to the Council for such period as it thinks fit; but a person who is in attendance by virtue of this sub-paragraph shall not be entitled to vote at any meeting of the Council and shall not count towards a quorum.

Committees

3.-(1) The Council may appoint one or more committees to carry out, on behalf of the Council, such of its functions as the Council may determine.

(2) A committee appointed under this paragraph shall consist of such number of persons (not necessarily members of the Council) as may be determined by the Council; and a person other than a member of the Council shall hold office on the committee in accordance with the terms of his appointment.

(3) A decision of a committee of the Council shall be of no effect until it is confirmed by the Council.

Miscellaneous

4.-(1) The fixing of the seal of the Bureau shall be authenticated by the signature of the Chairman, the Director-General or of any other person authorised generally or specially to act for that purpose by the Council.

(2) Any contract or instrument which, if made or executed by a person not being a body corporate, would not be required to be under seal may be made or executed on behalf of the Bureau by the Chairman, Director-General or any person generally or specially authorised to act for that purpose by the Council.

(3) Any document purporting to be a document dully executed under the seal of the Bureau shall be received in evidence and shall, unless and until the contrary is proved, be presumed to be so executed.

5. The validity of any proceeding of the Council or of a committee thereof shall not be adversely affected by any vacancy in the membership of the Council or committee, or by any defect in the appointment of a member of the Council or of a committee, or by reason that a person not entitle to do so took part in the proceedings of the Council or committee.

MADE at Abuja this 10th day of May 1999.

GENERAL ABDULSALAMI ALHAJI ABUBAKAR,

Head of State, Commander-in-Chief
of the Armed Forces of the Federal Republic of Nigerian.

EXPLANATORY NOTE

(This note does not form part of the above

Act *but is intended to explain its purport)*

The Act provides, among other things, for -

(a) the establishment of the National Council on Privatisation with responsibilities for the determination of the political, economic and social objectives of privatisation and commercialisation of public enterprises;

(b) further privatisation and commercialisation of Federal Government's wholly and partially owned enterprises to facilitate the liberalisation of the economy and to enable the private sector compete with the pubic sector in all aspects of the economy; and

(c) the repeal of the Bureau of Public Enterprises Act 1993 and the establishment of a restructured Bureau of Public Enterprises.

Guidelines on Privatisation and Commercialisation



1. INTRODUCTION

The then Head of State, Commander in Chief of the Armed Forces of the Federal Republic of Nigeria, His Excellency, General Abdulsalami Alhaji Abubakar, announced in his national broadcast on July 20, 1998 that Government would privatise its investments in Telecommunications, Electricity, Petroleum refineries, Petrochemicals, Coal and bitumen production, and Tourism, in addition to spill-overs from the first phase of privatisation. Under the programme, Government will retain 40% of the equities of the affected enterprises whilst 40% will be alienated to strategic investors with the right technical, financial and management capabilities. The remaining 20% will be sold to the Nigerian public through the Stock Exchange.

1.2 President Olusegun Obasanjo in his Presidential order to the Vice President of the Federal Republic of Nigeria dated 6th July 1999, directed that as the first step in the phased implementation of the administration's privatisation programme, action was to be initiated to enable the sale of shares listed on the Lagos Stock Exchange and owned by the Federal Government and its agencies in:-

- Commercial and Merchant Banks
- Cement Plants
- Petroleum Marketing Companies

The sales are to be completed by December, 1999 and Core Investors are to be encouraged to buy into any of the privatised enterprises which will be paid in foreign currencies.

1.3 The second phase will consist of hotels and vehicles assembly plants, amongst others.

1.4 The third phase will involve work on the companies currently being prepared for privatisation or currently being audited, including NEPA, NITEL, NAFCON, Nigeria Airways, Refineries, etc.

2. OBJECTIVES OF THE PRIVATISATION/COMMERCIALISATION PROGRAMME

The objectives of the Privatisation and Commercialisation programme are:

i) to restructure and rationalise the public sector in order to lessen the dominance of unproductive investments in the sector;

ii) to re-orientate the enterprises for privatisation and commercialisation towards a new horizon of performance improvement, viability and over all efficiency;

iii) to raise funds for financing socio-economic developments in such areas as health, education and infrastructure;

iv) to ensure positive returns on public sector investments in commercialised enterprises, through more efficient management;

v) to check the present absolute dependence on the Treasury for funding by otherwise commercially oriented parastatals and so, encourage their approach to the Nigerian Capital Market to meet their funding requirements;

vi) to initiate the process of gradual cession to the private sector of such public enterprises which are better operated by the private sector;

vii) to create more jobs, acquire new knowledge and Technology and expose the country to international competition.

3. LEGAL FRAMEWORK

The legal framework for the programme is the Public Enterprises (Privatisation and Commercialisation) Act of 1999. It was promulgated by the previous administration.

4. ESTABLISHMENT AND FUNCTIONS OF THE NATIONAL COUNCIL ON PRIVATISATION

The establishment and functions of the National Council on Privatisation as provided for in Sections 9(11) of the Privatisation Act are as follows:-

(1) There is hereby established the National Council on Privatisation (in this Act referred to as "the Council").

(2) The Council consists of:-

a) the Vice President, as Chairman;

b) the Minister of Finance, as Vice Chairman;

c) the Attorney-General of the Federation and Minister of Justice;

d) the Minister of Industries;

e) the Secretary to the Government of the Federation;

f) the Governor of the Central Bank of Nigeria;

g) the Chief Economic Adviser to the President;

h) four other members to be appointed by the President; and

i) the Director-General of the Bureau of Public Enterprises.

(3) Notwithstanding the provisions of subsection (2) of this section, the Council may co-opt the supervising Minister of an affected public enterprise to attend relevant meetings of the Council.

B.Functions and Powers of the Council

(11) The functions and powers of the Council are to:-

(a) determine the political, economic and social objectives of privatisation and commercialisation of public enterprises;

(b) approve policies on privatisation and commercialisation;

(c) approve guidelines and criteria for valuation of public enterprises for privatisation and choice of strategic investors;

(d) approve public enterprises to be privatised or commercialised;

(e) approve the legal and regulatory framework for the public enterprises to be privatised;

(f) determine whether the shares of a listed public enterprise should be by public or private issue or otherwise and advise the Government of the Federation, accordingly;

(g) determine the time and when a public enterprise is to be privatised;

(h) approve the prices for shares or assets of public enterprises to be offered for sale;

(i) review, from time to time, the socio-economic effects of the programme of privatisation and commercialisation and decide on appropriate remedies;

(j) approve the appointment of privatisation advisers and consultants and their remuneration;

(k) appoint as and when necessary committees comprising persons from private and public sectors with requisite technical competence to advise on the privatisation or commercialisation of specific public enterprises;

(l) approve the budget of the Council;

(m) approve the budget of the Bureau;

(n)supervise the activities of the Bureau and issue direction on the implementation of the privatisation and commercialisation programme;

(o) receive and consider, for approval, the audited accounts of the Bureau;

(p) submit to the President of the Federal Republic of Nigeria, in each year a report on the activities of the Council and the Bureau;

(q)receive regular and periodic reports from the Bureau on programme implementation and give appropriate directions; and

(r) perform such other functions as may, from time to time be necessary to achieve its objectives.

5. FUNCTIONS OF THE BUREAU

The functions of the Bureau are as provided for in sections 13 - 16 of the Privatisation Act:-

(13) The functions of the Bureau with respect to privatisation are to:-

(a) implement the Council's policy on privatisation;

(b) prepare public enterprises approved by the Council for privatisation;

(c) advise the Council on further public enterprises that may be privatised;

(d) advise the Council on the capital restructuring needs of the public enterprises to be privatised;

(e) carry out all activities required for the successful issue of shares and sale of assets of the public enterprises to be privatised;

(f) make recommendations to the Council on the appointment of consultants, advisers, investment bankers, issuing houses, stockbrokers, solicitors, trustees, accountants and other professionals required for the purposes of privatisation;

(g) advise the Council on the allotment pattern for the sale of the shares of the public enterprises set out for privatisation;

(h) oversee the actual sale of shares of the public enterprises to be privatised,

by the issuing houses, in accordance with the guidelines approved, from time to time, by the Council;

(i) ensure the success of the privatisation exercise taking into account the need for balance and meaningful participation by Nigerians and foreigners in accordance with the relevant laws of Nigeria; and

(j) perform such functions with respect to privatisation as the Council may, from time to time, assign to it.

(14) The functions of the Bureau in respect of Commercialisation;

(a) implement the Council's policy on commercialisation;

(b) prepare public enterprises approved by Council for commercialisation;

(c) advise the Council on further public enterprises that may be commercialised;

(d) ensure the updating of the accounts of all commercialised enterprises to ensure financial discipline;

(e) ensure the success of the commercialisation exercise and monitor, on a continuous basis for such period as may be considered necessary, for the operations of the public enterprises after commercialisation;

(f) review the objectives for which public enterprises were established in order to ensure that they adapt to the changing needs of the economy;

(g) ensure that public enterprises are managed in accordance with sound commercial principles and prudent financial practices;

(h) interface with the public enterprises, together with the supervising Ministries, in order to ensure effective monitoring and safeguarding of the public enterprises' managerial autonomy;

(i) ensure that the Board and Management of each commercialised enterprise and the Government of the Federation, keep to the terms and conditions of the Performance Agreements, if any, between the public enterprise concerned and the Government of the Federation;

(j) maintain and review on a continuous basis, any Performance Agreement between a public enterprise and the Government of Federation;

(k) evaluate and recommend to the Council whether or not a public enterprise is eligible for funding through grants, loans, subventions or equity; and

(l) perform such functions with respect to commercialisation as the Council may, from time to time, assign to it.

(15) The Bureau shall:-

(a) provide secretariat support to the Council; and

(b) carry out such other duties and responsibilities as may be assigned to it from time to time by the Council.

(16) The Bureau shall, subject to the overall supervision of the Council, have powers to:-

(a) acquire, hold and manage movable and immovable property;

(b) enter into contracts or partnerships with any company, firm or person which in its opinion will facilitate the discharge of its functions;

(c) request for and obtain from any public enterprise statistical and other information including reports, memoranda and audited accounts and other information relevant to its functions under this Act; and

(d) liaise with relevant bodies or institutions locally or overseas for effective performance of its functions under this Act.

6. DEFINITIONS

For the purpose of this programme the following definitions will be used:

(a) Full Privatisation

Means divestment by the Federal Government of all its ordinary shareholding in the designated enterprise.

(b) Partial Privatisation

Means divestment by the Federal Government of part of its ordinary shareholding in the designated enterprise.

(c) Full Commercialisation

Means that enterprises so designated will be expected to operate profitably on a commercial basis and be able to raise funds from the capital market without government guarantee. Such enterprises are expected to use private sector procedures in the running of their businesses.

(d) Partial Commercialisation

Means that such enterprises so designated will be expected to generate enough revenue to cover their operating expenditures. The government may consider giving them capital grants to finance their capital projects.

7. In both full and partial commercialisation no divestment of the Federal Government's shareholding will be involved, and subject to the general regulatory powers of the Federal Government the enterprises shall:-

(i) Fix rate, prices and charges for goods produced and services rendered;

(ii) Capitalise assets; and

(iii) Sue and be sued in their corporate names.

8. IMPLEMENTATION ARRANGEMENTS

(a) Technical/Financial Advisers

World class advisers comprising investment banks, lawyers and other consulting firms shall be engaged to undertake strategic review, restructuring and sale preparation in respect of affected enterprises, based on an approved terms of reference. However, only consultants that are registered by the Bureau of Public Enterprises will be eligible for consideration.

(b) Committees and Sub Committees

The National Council on Privatisation (NCP) in accordance with the provisions of the Public Enterprises (Privatisation and Commercialisation) Act of 1999 will from time to time appoint committees and sub-committees comprising knowledgeable individuals to tackle some of the preparatory works necessary at enterprise level in order to ensure a speedy

and smooth privatisation/commercialisation exercise.

(c) Floatation Advisers

Public offer of shares through the Stock Exchange will be the dominant method of privatisation to be used in the sale of the 20% equity reserved for Nigerian investors under the programme. In order to handle the floatation of the shares of affected enterprises on the Stock Exchange, the National Council on Privatisation (NCP) shall appoint professional advisers, in accordance with powers conferred on it to do so by Section 13 (c) of the Public Enterprises (Privatisation and Commericialisation) Act of 1999. The most important professional advisers in each case are:-

i) The Issuing House

ii) The Solicitor to the Issue

iii) The Reporting Accountant

iv) The Stockbroker to the Issue

v) Asset Valuers

These professional advisers are responsible for gathering, analysing and reporting on the operations of the affected enterprise, in such a way as to enlighten the prospective investor on the activities of the enterprise to be privatised and whose shares are being sold. The responsibilities of these advisers are described briefly hereunder:-

(i) Issuing House

- Preparation of information memorandum, prospectus, application to the Securities and Exchange Commission (SEC) for the offer price and the Stock Exchange for listing;
- Sale of shares and receiving subscription funds;
- Preparation of the basis of allotment;
- Representing the BPE and the company before SEC and the Stock Exchange;
- Co-ordination of all-parties meetings culminating in the Completion Board Meeting.

(ii) Reporting Accountant

The Accountants are responsible for providing accounting data and calculations for forecasts of the Company's future profits. In expressing his opinion on forecasts, the Reporting Accountant must consider the following:-

- The general character and recent history of the company's business with particular reference to its main products, markets, customers, suppliers, labour force and trend of results.
- The accounting policies normally adopted in preparing the Company's Annual Accounts and the fact that those have been consistently applied in the preparation of profit forecasts.
- Whether or not the preparation of the forecast was consistent with the economic, commercial, marketing and financial assumptions which the Directors have stated to be the underlying bases.

- The Company's general procedures in the preparation of forecast. In particular, the accountant would ascertain whether forecasts are regularly prepared for management purposes and if so, the degree of accuracy and reliability normally achieved. He would also wish to discover the extent to which the forecast results of the expired period are supported by reliable interim accounts; and how the forecasts take account of any material exceptional items;
- Matters of general interest including the adequacy of provisions made for foreseable losses and contingencies, and the adequacy of working capital as indicated by properly prepared cash-flow forecasts.

All these are done to ensure that ultimately, the new shareholders would be buying a good product.

(iii) Solicitors to the Issue

The Solicitor is expected to primarily advise on compliance with the law at every stage of the exercise. He is expected to:-

- Examine the Company's Memorandum and Articles of Association to ensure that those provisions which are considered unnecessary in a public limited liability company are deleted.
- Cause all the necessary resolutions for the different stages of the floatation e.g. restructuring of capital, creation of new shares etc., to be passed.
- Registration of all documents and resolutions with the Corporate Affairs Commission and other Regulatory agencies.
- Following up verifications with the Land Registry etc., on the title deeds held by the company.
- Preparation of Management Agreements, Sale and Purchase Agreements, Shareholders' Agreement etc., where necessary or reviewing same to ensure that the interest of the company and country are safeguarded.
- Take such actions as are considered necessary in a public floatation in accordance with the law.

(iv) The Stockbrokers to the Issue

The principal role of the Stockbroker is to introduce the Securities on the trading floor of the Stock Exchange. Technically, shares of a publicly quoted Company can only be traded on the floor of the Stock Exchange.

(ii) Asset Valuers

Asset Valuers undertake the professional valuation of the assets of the affected enterprises to provide a guide on the current replacement value of the Company.

9. MARKETING OF SHARES OF ENTERPRISES DESIGNATED FOR PRIVATISATION

9.1 In order to ensure effective coverage of the country, the following arrangements will apply:-

(a) Availability of Application Forms:-

The maximum possible number of people would be given the opportunity to apply for the shares of privatised public enterprises. Therefore,

application forms will be printed in sufficient quantities and distributed to all local government areas in the country.

Abridged prospectus outlining the main features of the offer will be published in national newspapers.

(b) Minimum Application

In order to ensure widespread ownership of shares amongst the different classes in the society, the minimum application for general allotment of shares shall be 100 shares of 50k each. In this way low income earners and even students will be able to participate in the privatisation exercise.

(c) Distribution of Application Forms

Application forms will be distributed through the branch network of the banking system, stockbrokers, local government offices, State Investment companies, Post Offices, Offices of Chambers of Commerce & Industy across the country, State Ministries of Commerce and Industries, Nigerian Missions abroad. Distribution of application forms to receiving agents will be programmed to commence about one week before the opening of application list to prevent late arrival of forms.

9.2 Applicable Prices

The application prices of shares will be as determined by the National Council on Privatisation on the recommendations of the Bureau of Public Enterprises.

9.3 In line with the Privatisation Act, shares will be made available for participation by all interested investors subject to strict conformity with the following guidelines:-

(a) Multiple applications will not be allowed.

(b) Share of privatised enterprises are to be allotted equally between Federal Constituencies. Only residents of the Constituencies are expected to buy such shares.

(c) Fictitious names used in applications will be rejected.

(d) Only Nigerian citizens aged 18 and above are eligible.

9.4 Funding of Share Purchase

Government will provide the enabling environment to facilitate access to capital credit for purchase of shares by the general public. Employers of Labour in both the public and private sectors are urged to extend financial assistance to their employees to enable them purchase shares in privatised enterprises. Commercial Banks in the country are enjoined to extend credit to their adjudged customers against the security of share certificates to be issued. In this way even those who do not have savings will be able to participate in the programme.

10. DEBT CONVERSION PROGRAMME & PRIVATISATION

Participation is open to owners of converted debts subject to allotment principles guiding the privatisation programme.

11. COMMUNICATIONS

A co-ordinated and integrated communications programme has been developed to ensure that the concept of privatisation, the processes adopted and the affected enterprises are marketed in such a way that all stakeholders participate effectively in the programme. This is with a view to building a better Nigerian society for the optimisation of the economic resources. Extra effort will be made to mobilise and sensitise the grassroots.

12. ALLOTMENT OF SHARES

12.1 Allotment of shares in privatised enterprises will generally be guided by government policy of "wide geographical spread of ownership". All share allotments will be published in national newspapers. The shares on offer to Nigerians would be sold on the basis of equality of Federal Constituencies.

12.2 Staff Participation

A minimum of not less than 1% of total shares on offer shall be reserved for the staff of any privatised enterprise.

12.3 Limitation on Individual Shareholding

No individual shall be allowed to acquire more than 1% equity in any enterprise whose shares are offered for sale under this programme and where applicants resort to multiple applications, these will be rejected outright or cancelled if subsequently discovered. In the event they will be refunded their application money only.

12.4 General Allotment

The shares on offer to Nigerians shall be sold on the basis of the equality of Federal Constituencies and of the residents of the Federal Capital Territory, Abuja.

13. STRATEGIC INVESTORS/CORE-GROUPS

13.1 Core Investors or Strategic Investors can be described as formidable and experienced groups with the capabilities for adding value to an enterprise and making it operate profitably in the face of international competition. They should possess the capabilities of turning around the fortune of such an enterprise, if by the time of their investment, the enterprise is unhealthy. The major characteristics that distinguish strategic/core group investors are:-

(a) They must posses the technical know-how in relation to the activities of the enterprises they wish to invest in. For example, a Core Investor into a Cement Company must have access to cement production expertise with

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GOVERNMENT DOCUMENTS

regards to optimal use of the machinery, maintenance of such machinery and other technical aspects of Cement Production such as procurement of raw materials, etc.

(b) The Core Investors must also posses the financial muscle, not only to pay competitive price for the enterprise they wish to buy into but also to turn around its fortune, using their own resources without relying on the Government for funds. Each Core/Strategic Investor is expected to prepare a Short/Medium/Long term plan for the development of the enterprise and indicate how it will be financed.

(c) The Core Investor must have the management know-how to run a business profitably in a competitive environment where market forces dictate the business environment.

13.2 Given the magnitude of investment level in the utilities earmarked for privatisation, the lack of absorptive capacity of the Nigerian Capital Market, our low technological level among other reasons, it is quite obvious that there is need to utilise the services of core investors in the new dispensation.

13.3 In consonance with S(4) of the Privatisation Act, privatised enterprise which requires participation by Strategic Investors may be managed by the Strategic Investors as from the effective date of privatisation on such terms and conditions as may be agreed upon.

14. PROCEDURES FOR IDENTIFYING STRATEGIC/CORE INVESTORS

14.1 There is need to employ the services of World Class investment banks, lawyers and other consultants (as privatisation advisers) in the identification and selection of Core Investors. The starting point in the identification of strategic/Core Investors is to place advertisements in Local and International Journals and Magazines inviting strategic investors to submit their expressions of interest to invest in the specified public enterprises. They are then supplied with copies of laws and regulations on privatisation of the country and an information memorandum on the affected enterprise. At the same time, they are given a specific period within which to undertake due diligence studies on the subject enterprise and submit economic bids to the implementation agency for evaluation. After submission of their bids interviews would be held with the parties concerned to discuss their bid contents and the National Council on Privatisation will select the Core Investors.

14.2 The Council intends to use the Technical and Financial Advisers (Privatisation Advisers) as the leading light in the identification and assessment of Core Investors. Such advisers know fairly intimately who are the major actors in the different industries and almost invariably they would have dealt with them elsewhere in the world. A Committee of the Council, supported by the Advisers will pre-qualify and later interview those adjudged suitable for further negotiations culminating in recommendations to be made to the Council for ultimate appointment as the Strategic/Core Investor to acquire up to 40% of the equity capital of the affected enterprise. Management and Shareholders Agreements will be signed to protect the enterprise from undue interference in routine business decisions by ministry officials post privatisation.

14.3 The critical areas of interest in negotiations with the potential strategic/core investors are:-

(a) The price to be paid for the 40% equity to be acquired.

(b) The terms of payment.

(c) The role of the Strategic/Core Investor in the future management of the public enterprise being privatised.

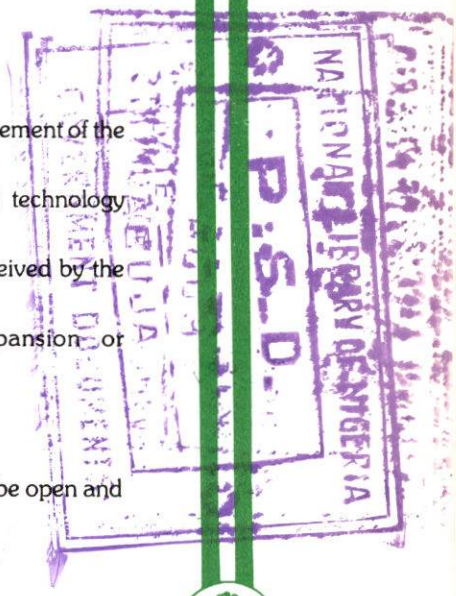
(d) The level of participation by Nigerian managers and technology transfer.

(e) The future development of the public enterprise as perceived by the Strategic/Core Investor.

(F)The funding arrangements for rehabilitation expansion or diversification of the enterprise post-privatisation.

(g) Staff welfare, retraining and development.

14.4 The entire process of identifying Strategic/Core Investors will be open and transparent.



15. TIMING OF IMPLEMENTATION

15.1 The Council will draw up a detailed implementation time table covering the entire list of enterprises to be privatised and prioritise the pace of implementation. In the first batch, all those enterprises already listed on the Stock Exchange will be privatised subject to the absorptive capacity of the capital market. The other phases will be implemented as outlined by Mr. President.

15.2 In respect of the 20% equity reserved for Nigerian investors in NITEL, NEPA, NAFCON and others, adequate time will be given to the Strategic investors to settle down and add value to these organisations before arrangements are made to offer the shares of the affected enterprises to the general investing public through the Stock Exchange. This may take anything between two to three years. It is also quite clear that due to the size of the offering it would be necessary to stagger such offerings in tranches to accord with the absorptive capacity of the Nigerian Capital Market.

16. ISSUE OF SHARE CERTIFICATES

Share Certificates shall be issued within the usual time specified by applicable regulations to enable successful allotees to exercise their ownership rights in the affected enterprises. However, the Council in collaboration with the SEC and the Stock Exchange will together institute measures designed to outlaw nominal transfers post-privatisation, so as to prevent irregular accumulation of privatised shares.

17. ACCOUNTING TO GOVERNMENT IN RESPECT OF COMPLETED PRIVATISATION

All proceeds from completed sales shall be paid into the Consolidated Revenue Fund and Federal Government will decided on the use of such funds. This will include the use of the funds for productive investment and for the improvement of education, agriculture, health and the settlement of Nigeria's External Debts.

18.FOR FURTHER INFORMATION PLEASE CONTACT:-

Director-general

Bureau of Public Enterprises

Plot 2876, Ibrahim Babangida Way,

Maitama, P.M.B. 442, Garki, Abuja, Nigeria.

E-mail:bpe@bpeng.Org; bpegen@microm.com.ng

Http:www.bpeng.org;

Http:www.ncpng.org.

Blueprint of the Privatisation and Commercialisation Programme

INTRODUCTION

In his Executive Order dated 6th July, 1999 His Excellency President Olusegun Obasanjo directed that the three-phased implementation of the Second Privatization Programme of the Federal Government of Nigeria starts immediately. The phases were:

I. Full Divestiture of Federal Government shares in Oil Marketing Companies, Banks and Cement Plants a total of 14 companies, most of which are already quoted on the Lagos Stock Exchange.

II. Full Divestiture of Federal Government ownership in Hotels, Vehicle Assembly Plants and other industrial enterprises operating in competitive markets.

III. Partial Divestiture of Federal Government interest in major public enterprises currently operating in non-competitive sectors like electric power, telecommunications, oil and gas and the like.

The National Council on Privatisation (NCP or Council) under the Chairmanship of Vice President Atiku Abubakar was inaugurated and tasked with timely supervision of the programme in a transparent manner. The Bureau of Public Enterprises (BPE) is accountable to the Council for implementation of the programme under the general policy oversight and other directions of Council.

OBJECTIVES OF THE PRIVATISATION AND COMMERCIALISATION PROGRAMME

The primary goal of the privatisation and commercialisation programme is to make the private sector the leading engine of growth of the Nigerian economy. The government intends to use the privatisation programme to reintegrate Nigeria back into the global economy, as a platform to attract foreign direct investment in an open, fair and transparent manner.

The objectives of the Privatisation and Commercialisation Programmes are:

i) to send a clear message to the local and international community that a new transparent Nigeria is now open for business;

ii) to restructure and rationalise the public sector in order to substantially reduce the dominance of unproductive government investment in the sector;

iii) to change the orientation of all public enterprises engaged in economic activities towards a new horizon of performance improvement, viability and overall efficiency;

iv) to raise funds for financing socially-oriented programmes such areas as poverty eradication, health, education and infrastructure;

v) to ensure positive returns on public sector investments in commercialised enterprises, through more efficient private sector-oriented management;

vi) to check the present absolute dependence on the Treasury for funding by otherwise commercially oriented parastatals and so, encourage their approach to the Nigerian and international capital markets to meet their funding needs;

vii) to initiate the process of gradual cession to the private sector of public enterprises which are better operated by the private sector;

viii) to create jobs, acquire new knowledge, skills and technology, and expose Nigeria to international competition.

IMPLEMENTATION OF THE PRIVATISATION PROGRAMME

The current privatization programme envisages the full or partial divestment of interest in over 60 public enterprises in which the Federal Government owns minority or controlling interest. These enterprises which are scheduled in the Public Enterprises (Privatization and Commercialization) Act No. 28 of 1999 are reproduced below:

AGRICULTURE

No.	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
1	National Parks Board	Act 36 of 1991	Commercialsation
2	Ore-Irele Oil Palm Co., Ltd.	Limited Liability	Commercialisation
3	Ihechiowa Oil Palm Co., Ltd.	Limited Liability	Commercialisation
4	Ayip Eku Oil Palm Co., Ltd.	Limited Liability	Commercialisation

AVIATION

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
5.	Federal Airport Authority of Nigeria	Act 9 of 1996	Privatisation
6.	Nigeria Airways Limited	Limited Liability	Privatisation

COMMERCE & TOURISM

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
7.	Nigeria Hotels Ltd	Limited Liability	Privatisation
8.	Festac 77 Hotel Ltd	Limited Liability	Privatisation

COMMUNICATIONS

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
9.	Nigerian Telecommunications Limited	Limited Liability	Privatisation
10.	Nigerian Mobile Telecommunications Ltd	Limited Liability	Privatisation
11.	Nigerian Postal Service	Act 41 of 1992	Commercialisation

DEFENCE

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
12.	Tafawa Balewa Square Investments Ltd	Limited Liability	Commercilisation

EMPLOYMENT, LABOUR AND PRODUCTIVITY

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
13.	Nigerian Social Insurance Trust Fund	Act 60 of 1993	Commercialisation

FINANCE

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
14.	Nicon Insurance Ltd.	LFN Cap 263	Privatisation
15.	Nigerian Reinsurance Company Ltd.	LFN Cap 325	Privarisation
16.	Nigerian Bank for Commerce & Industry	LFN Cap 296	Commercialisation
17.	Assurance Bank Ltd. (former Arab Bank)	Limited Liability	Privatisation
18.	FSB Int. Bank plc (NNPC/NMA/etc shares)	Limited Liability	Privatisation
19.	Afribank Nigeria Ltd (BIAO Shares)	Limited Liability	Privatisation

INFORMATION & CULTURE

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
20.	Daily Times of Nigeria plc	NICON Acquisition	Privatisation
21.	Federal Radio Corporation of Nigeria	Act 8 of 1978	Privatisation
22.	New Nigerian Newspapers Limited		Privatisation
23.	News Agency of Nigeria	Act 19 of 1976	Commercialisation
24.	Nigerian Television Authority	Act 24 of 1977	Commercialisation

INDUSTRIES

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
25.	National Fertilizer Company of Nigeria	Limited Liability	Privatisation
26.	Federal Super-phosphate Fertilizer Co. Ltd.	Limited Liability	Privatisation
27.	Nigerian Machine Tools Co., Ltd.	Limited Liability	Privatisation
28.	Nigerian National Paper Manufacturing Company	Limited Liability	Privatisation
29.	Nigerian Newsprint Manufacturing Co. Ltd.	Limited Liability	Privatisation
30.	Nigeria Sugar Company Ltd., Bachita	Limited Liability	Privatisation
31.	Sunti Sugar Company Ltd.	Limited Liability	Privatisation
32.	Lafiaji Sugar Company Ltd.	Limited Liability	Privatisation
33.	Ashaka Cement plc.	Limited Liability	Privatisation
34.	Benue Cement plc.	Limited Liability	Privatisation
35.	Cement Company of Northern Nigeria plc.	Limited Liability	Privatisation
36.	Nigerian Cement Company Ltd., Nkalagu	Limited Liability	Privatisation
37.	Calabar Cement Company	Limited Liability	Privatisation
38.	Anambra Motor Manufacturing Co. Ltd	Limited Liability	Privatisation
39.	Leyland Nigeria Ltd.	Limited Liability	Privatisation
40.	Nigerian Truck Manufacturing Co. Ltd.	Limited Liability	Privatisation
41.	Peugeot Automobile of Nigeria Ltd.	Limited Liability	Privatisation
42.	Volkswagen of Nigeria Ltd.	Limited Liability	Privatisation
43.	Steyr Nigeria Ltd.	Limited Liability	Privatisation
44.	Nigeria Romania Wood Industries Ltd.	Limited Liability	Privatisation
45.	West African Portland Cement plc	Limited Liability	Privatisation

PETROLEUM RESOURCES

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
46.	Nigerian National Petroleum Corporation	Act 33 of 1977	Commercialisation
47.	Port Harcourt Refinery & Petrochemicals Ltd.	Limited Liability	Privatisation
48.	Warri Refinery and Petrochemicals Ltd.	Limited Liability	Privatisation
49.	Kaduna Refinery & Petrochemicals Ltd.	Limited Liability	Privatisation
50.	Eleme Petrochemicals Company Ltd.	Limited Liability	Privatisation
51.	Nigeria Petroleum Development Co. Ltd.	Limited Liability	Privatisation
52.	Nigerian Gas Company Ltd.	Limited Liability	Privatisation

53.	Pipeline Products Marketing Company Ltd.	Limited Liability	Privatisation
54.	African Petroleum plc	Limited Liability	Privatisation
55.	Unipetrol plc	Limited Liability	Privatisation
56.	National Oil & Chemical Marketing plc	Limited Liability	Privatisation
57.	Dresser Nigeria Ltd	Limited Liability	Privatisation
58.	Solus Scholl Nigeria Ltd	Limited Liability	Privatisation
59.	A. C. M. Nigeria Ltd	Limited Liability	Privatisation
60.	Baker Nigeria Ltd	Limited Liability	Privatisation
61.	Sedco Forex Nigeria Ltd	Limited Liability	Privatisation
62.	Flopetrol Nigeria Ltd	Limited Liability	Privatisation
63.	Schlumberger Wise Line Company	Limited Liability	Privatisation
64.	Dowell Schlumberger Nig Ltd	Limited Liability	Privatisation
65.	Key Drill Nigeria Ltd	Limited Liability	Privatisation
66.	Baroid Nigeria Ltd	Limited Liability	Privatisation
67.	D.C.P. Ltd	Limited Liability	Privatisation

POWER & STEEL

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION.
68	Steel Rolling Mill, Oshogbo	Act 60 of 1979	Privatisation
69.	Steel Rolling Mill, Jos	Act 60 of 1979	Privatisation
70.	Steel Rolling Mill, Katsina	Act 60 of 1979	Privatisation
71.	Delta Steel Company Ltd.	Limited Liability	Privatisation
72.	Ajaokuta Steel Co Ltd.	Limited Liability	Privatisation
73.	Aluminium Smelter Coy Ltd.	Limited Liability	Privatisation
74.	National Iron Ore Mining Coy Limited	Act 60 of 1979	Privatisation
75.	National Electric Power Authority	LFN Cap 256	Privatisation

SOLID MINERALS

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION.
76.	Nigerian Mining Corporation	Act 39 of 1972	Privatisation
77.	Nigerian Coal Corporation	LFN Cap 299	Privatisation
78.	Nigeria Uranium Mining Co., Ltd.	Limited Liability	Privatisation

TRANSPORT

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
79.	Nigerian Ports Authority	LFN Cap 361	Commercialisation
80.	Nigerian Railway Corporation	LFN Cap 323	Commercialisation
81.	Nigerdock Ltd	Limited Liability	Privatisation
82.	NAHCO	Limited Liability	Privatisation

WATER RESOURCES

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
83.	River Basin and Rural Development Authority (12 in number)	LFN Cap 396	Commercialisation

WORKS AND HOUSING

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
84.	Federal Mortgage Bank of Nigeria	Act 82 of 1993	Commercialisation
85.	Federal Mortgage Finance Limited	Limited Liability	Commercialisation
86.	Federal Housing Authority	Act 40 of 1973	Commercialisation

AFRICAN INVESTMENTS

No	PARASTATALS	ENABLING ACT	PRIVATISATION/ COMMERCIALISATION
87.	Save Sugar Company	Limited Liability	Privatisaion
88.	Onigbolo Cement	Limited Liability	Privatisation
89.	Royal Swaziland Sugar	Limited Liability	Privatisation
90.	Chemical Company, Senegal	Limited Liability	Privatisation

The enterprises can be broadly grouped into two:

i) Those operating in competitive markets where no regulation of price or market behaviour is of primary concern to government.

ii) Those utilities and other firms operating in monopoly or near-monopoly markets where public interest regulation is necessary.

Accordingly, the implementation of the privatisation programme would in some cases require sector reform and restructuring, prior to or side-by-side with the divestiture transaction. In the monopoly sectors like electric power and telecommunications, sector reforms would be undertaken in a logical sequence as follows:

i) **Policy Formulation or Review:** Sector policy would be proposed, debated with all stakeholders and published. In the event that sector policy is in place, it would be reviewed and updated to support the success of the privatisation programme.

ii) **Legal/Regulatory Framework Design:** As a corollary to the above, new laws and regulations encouraging demonopolisation and competition would need to be designed, debated with stakeholders and enacted, in support of the privatisation and liberalisation programme. The new rules and regulations would establish, among others:

* An independent sector regulator and rules for licensing
* Social obligations to the poor, rural areas and other political objectives of government,
* A regime for regulation of tariff, and
* Rules of interconnection, cooperation and competition.

iii) **Restructuring and Liberalisation** This would entail opening up the sector to competition based on laws, regulations, licensing rules and obligations already established under (iii) above under Nigerian Company Law and investment incentives, wholly-owned subsidiaries of foreign companies may incorporate in Nigeria and be eligible for licensing and non-discriminatory treatment.

iv) **Privatization Transaction:** This is a two stage process which involves first the actual transfer of substantial equity stake plus management control of the public enterprise to a strategic investor, followed by an initial public offer of another bloc of shares on Nigerian and international capital markets.

Core Investors will be selected in an open, international competitive bidding process, followed by negotiations with not more than three 'best bidders'. The next section describes the rationale for, and expected qualifications of a core investor.

CORE GROUPS/STRATEGIC INVESTORS

Core Investors or Strategic Investors can be described as formidable and experienced corporations or consortia with the capabilities for adding value to an enterprise and making it operate profitably in the face of international competition. They should possess the capabilities of turning around the fortunes of such an enterprise, if by the time of their investment, the enterprise is unhealthy. The major characteristics that distinguish strategic/core group investors are:

A) **TECHNICAL KNOW-HOW:** They must possess the technical know how in relation to the enterprises they wish to invest in. for example, a Core Investor into a Cement Company must possess or have access to cement technology expertise with regards to optimal use of the machinery, maintenance of such machinery and other technical aspects such as procurement of raw materials and the like.

B) **FINANCIAL RESOURCES:** The Core Investors must also possess the financial muscle, not only to pay a competitive price for the enterprise they wish to buy into, but also to turn around its fortune, suing their own resources without relying on shareholders for funds. Each Core/Strategic Investor is expected to prepare a Short/Medium/Long term plan for the development of the enterprise and indicate how it will be financed.

C) **MANAGEMENT SKILLS:** The Core Investor must have the proven management skills to run that type of enterprise profitably in a competitive environment where market forces largely determine success or failure.

Given the market potentials and asset values of the utilities earmarked for privatization, it has been decided that there is need to engage core strategic investors initially to turn around the public enterprise before a public flotation is undertaken.

In consonance with S(4) of Act 28 of 1999, privatized enterprise which requires participation by Strategic Investors will be managed by the Strategic Investors as from the effective date of privatization on such terms and conditions as may be agreed upon. Council is desirous of handing over management control of the enterprise to successful core investors.

CORE INVESTOR SEARCH STRATEGY

Council intends to employ the services of World Class Investment Banks (as Privatization Advisers) in the identification and selection of Core Investors. The starting point in the identification of strategic Core Investors is to place advertisements in Local and International Journals and Magazines inviting strategic investors to submit their expressions of interest to invest in the specified public enterprises. Qualified prospective investors are then supplied with copies of sector laws and regulations, on the privatisation legislation and rules, information memorandum and Bidding Documents on the affected enterprise. At the same time, they are given a specific period within which to undertake due diligence on the subject enterprise and submit bids to the implementation agency for evaluation. Bids are then opened publicly, and bidders may attend if they wish.

After opening of their bids and preliminary evaluations, shortlisted bidders would be invited to negotiate the bid contents with the National Council on Privatisation. Shortly thereafter, Council will select the Core Investors from among the shortlisted bidders.

PRIVATISATION ADVISERS

Advisory Services

1) Advertising for advisory services shall be timely to provide sufficient time to prepare preliminary, followed by a comprehensive information memorandum on each of the affected companies for the use of prospective core investors. However, as indicated above, only applications received from consultants already registered with the BPE would be entertained.

Merit Based Application

2) Expressions of Interest (EOI) from prospective privatisation advisers should specify the following information as bases for prequalification:

   a) qualification of staff and their individual experience in handling similar assignments in Nigeria and abroad.

   b) evidence of track record in a similar industry or transaction in Nigeria or elsewhere in the world,

   c) intended approach to the assignment (workplan).

   d) proof of alliances/partnership with other competent domestic and international advisers who have requisite qualification, experience and track record in the industry or transactional type.

Competitive Fee Quotation

3) The shortlisted firms will be required to submit separate technical and financial proposals to BPE. The technical proposal will describe how the assignment will be executed and the persons and other resources to handle it. The financial proposal will quote the fees and expenses to be paid in the services. These will be subject to negotiations, if necessary.

Objective Evaluation and Selection

4) The two separate proposals will be evaluated and each graded as follows:

   a) Fees and Expenses quoted in relation to others will be given a weight of 40%. The fees and expense shall consist of base fee and expenses and indicator of success fee.

   b) Quality of approach to the assignment: the approach, staffing, equipment and other resources to the execution of the job. Issues to be considered here include local content, development of Nigerian human capital, etc.

In addition, a time limit shall be imposed such that all advisory services should not exceed 6 weeks to be carried out and completed from date of appointment by National Council on Privatization.

The Council intends to use the Technical and Financial Advisers (Privatisation Advisers) as the leading light in the identification and assessment of Core Investors. Such advisers know fairly intimately who are the major actors in the different industries and almost invariably they would have dealt with them elsewhere in the world. The Technical Committee of the Council, supported by the Advisers will pre-qualify and if necessary interview those adjudged suitable for bidding and negotiations. This will culminate in recommendations to be made to the Council for engagement as the Strategic/Core Investor to acquire up to 40% of the equity capital of the affected enterprise in the first instance. Divestiture, management, Shareholders and other Agreements will be signed to protect the enterprise from any interference in business decisions by government after privatisation. The critical areas of interest in negotiations with the potential strategic/core investors are:

a) The price to be paid for the 40% equity to be acquired.

b) The terms of payment for the shares to be acquired.

c) The expected contribution of the Strategic/Core Investor in the future management of the public enterprise being privatised.

d) The level of participation by Nigerian managers and technology transfer programme.

e) The future development of the public enterprise as perceived by the Strategic/Core Investor.

f) The funding arrangements for rehabilitation, expansion or diversification of the enterprise after privatisation.

g) Staff welfare, retraining and development plan.

IMPLEMENTATION TIME TABLE

- Phase I: December 1999 June 2000
  - * Banks, Oil Marketing, Cement N15b
  - * All advisers local, core investors mostly foreign

- Phase II: February 2000 December 2000
  - * Hotels, Vehicle Assembly, Fertilizer, Sugar, Paper, Steel, Media, Insurance.
  - * Core Investor sales only
  - * Sector reform for aviation, telecoms, power and downstream oil and gas implemented.

- Phase IIIa: September 2000 December 2001
  - * Telecom, Aviation, downstream oil and gas, power distribution, power generation, aluminium, machine tool
  - *Core investors sales only

- Phase IIIb: January 2001 December 2001
  - * Hotels, Vehicle Assembly, Fertilizer, Sugar, Paper, Steel, Media, Insurance
  - * First tranche of cross-border IPO

THE PRESIDENCY
NATIONAL COUNCIL ON PRIVATIZATION

SECTOR: AVIATION

ENTERPRISES: NIGERIA AIRWAYS LTD
SKYPOWER & SUBSIDIARIES
NAHCO, FEDERAL AIRPORTS AUTHORITY & SUBSIDIARIES

	ACTIVITIES
1.	**Establish Steering Committees**
1.1	Appointment/Inauguration
2.	**Policy Formulation/Review**
2.1	Appoint Policy Adviser
2.2	Consensus Building/Workshop
2.3	Publish National Aviation Policy
3.	**Legal/Regulatory Framework**
3.1	Appoint Adviser
3.2	Draft Legal Framework
3.3	Draft Sector Regulations
3.4	Publish Draft Bill
3.5	National Assembly
3.6	Enact Legal Framework
3.7	Gazette Sector Regulations
4.	**Sector Restructuring/ Liberalisation**
4.1	Appoint Adviser
4.2	Market Structure Design
4.3	Publish Competition/Licensing/ Liberalisation Rules and Regulations
4.4	Corporatisation of PEs and new Companies
5.	**Privatisation**
5.1	Appoint Adviser
5.2	Shortlist Core Investors
5.3	Issue Information Memorandum
5.4	Due Diligence
5.5	Core Investor Selection
5.6	Initial Public Offer

THE PRESIDENCY
NATIONAL COUNCIL ON PRIVATISATION

SECTOR: COMMUNICATIONS

ENTERPRISES: NITEL
M-TEL

	ACTIVITIES
1.	**Establish Steering Committees**
1.1	Appointment/Inauguration
2.	**Policy Formulation/Review**
2.1	Appoint Policy Adviser
2.2	Consensus Building/Workshop
2.3	Publish Sector Policy Implementation Guidelines
3.	**Legal/Regulatory Framework**
3.1	Appoint Adviser
3.2	Draft Legal Framework
3.3	Draft Sector Regulations
3.4	Publish Draft Bill
3.5	National Assembly
3.6	Enact Legal Framework
3.7	Gazette Sector Regulations
4.	**Sector Restructuring/ Liberalisation**
4.1	Appoint Adviser
4.2	Market Structure Design
4.3	Publish Competition/Licensing/ Liberalisation Rules and Regulations
4.4	Corporatisation of Pes and new Companies
5.	**Privatisation**
5.1	Appoint Adviser
5.2	Shortlist Core Investors
5.3	Issue Information Memorandum
5.4	Due Diligence
5.5	Core Investor Selection
5.6	Initial Public Offer

THE PRESIDENCY
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SECTOR: POWER

ENTERPRISES: NATIONAL ELECTRIC POWER AUTHORITY (NEPA)

	ACTIVITIES
1.	**Establish Steering Committees**
1.1	Appointment/Inauguration
2.	Policy Formulation/Review
2.1	Appoint Policy Adviser
2.2	Consensus Building/Workshop
2.3	Publish Energy Policy Implementation Guidelines
3.	**Legal/Regulatory Framework**
3.1	Appoint Adviser
3.2	Draft Legal Framework
3.3	Draft Sector Regulations
3.4	Publish Draft Bill
3.5	National Assembly
3.6	Enact Legal Framework
3.7	Gazette Sector Regulations
4.	**Sector Restructuring/ Liberalisation**
4.1	Appoint Adviser
4.2	Market Structure Design
4.3	Publish Competition/Licensing/ Liberalisation Rules and Regulations
4.4	Unbundling and Corporatisation of PEs and new Companies
5.	**Privatisation**
5.1	Appoint Adviser
5.2	Shortlist Core Investors
5.3	Issue.Information Memorandum
5.4	Due Diligence
5.5	Core Investor Selection
5.6	Initial Public Offer

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SECTOR: HOTEL & TOURISM

ENTERPRISES: HOTELS (5), TAFAWA BALEWA SQUARE & INVESTMENT LTD (1)

	ACTIVITIES
1.	**Establish Steering Committees**
1.1	Appointment/Inauguration
2.	**Policy Formulation/Review**
2.1	Appoint Policy Adviser
2.2	Consensus Building/Workshop
2.3	**Publish National Tourism Policy Implementation Guidelines**
3.	**Legal/Regulatory Framework**
3.1	Appoint Adviser
3.2	Draft Legal Framework
3.3	Draft Sector Regulations
3.4	Publish Draft Bill
3.5	National Assembly
3.6	Enact Legal Framework
3.7	Gazette Sector Regulations
4.	**Sector Restructuring/ Liberalisation**
4.1	Appoint Adviser
4.2	Market Structure Design
4.3	Publish Competition/Licensing/ Liberalization Rules and Regulations
4.4	Corporatization of PEs and new Companies
5.	**Privatisation**
5.1	Appoint Adviser
5.2	Shortlist Core Investors
5.3	Issue Information Memorandum
5.4	Due Diligence
5.5	Core Investor Selection
5.6	Initial Public Offer

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SECTOR: INDUSTRIAL/MANUFACTURING

ENTERPRISES: SUGAR (4), FERTILIZER (2), AGRO ALLIED (5)
ASSEMBLY PLANTS (7), NIGERIA MACHINE TOOLS

	ACTIVITIES
1.	**Establish Steering Committees**
1.1	Appointment/Inauguration
2.	Policy Formulation/Review
2.1	Appoint Policy Adviser
2.2	Consensus Building/Workshop
2.3	Publish National Industrial Policy Implementation Guidelines
3.	**Legal/Regulatory Framework**
3.1	Appoint Adviser
3.2	Draft Legal Framework
3.3	Draft Sector Regulations
3.4	Publish Draft Bill
3.5	National Assembly
3.6	Enact Legal Framework
3.7	Gazette Sector Regulations
4.	**Sector Restructuring/ Liberalisation**
4.1	Appoint Adviser
4.2	Market Structure Design
4.3	Publish Competition/Licensing/ Liberalisation Rules and Regulations
4.4	Corporatisation of PEs and new Companies
5.	**Privatisation**
5.1	Appoint Adviser
5.2	Shortlist Core Investors
5.3	Issue Information Memorandum
5.4	Due Diligence
5.5	Core Investor Selection
5.6	Initial Public Offer

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SECTOR: FINANCIAL SERVICES

ENTERPRISES: NICON INSURANCE PLC
NIGERIA REINSURANCE CORPORATION

	ACTIVITIES
1.	**Establish Steering Committees**
1.1	Appointment/Inauguration
2.	**Policy Formulation/Review**
2.1	Appoint Policy Adviser
2.2	Consensus Building/Workshop
2.3	Publish National Insurance Policy Implementation Guidelines
3.	**Legal/Regulatory Framework**
3.1	Appoint Adviser
3.2	Draft Legal Framework
3.3	Draft Sector Regulations
3.4	Publish Draft Bill
3.5	National Assembly
3.6	Enact Legal Framework
3.7	Gazette Sector Regulations
4.	**Sector Restructuring/ Liberalisation**
4.1	Appoint Adviser
4.2	Market Structure Design
4.3	Publish Competition/Licensing/ Liberalisation Rules and Regulations
4.4	Corporatisation of PEs and new Companies
5.	**Privatisation**
5.1	Appoint Adviser
5.2	Shortlist Core Investors
5.3	Issue Information Memorandum
5.4	Due Diligence
5.5	Core Investor Selection
5.6	Initial Public Offer

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SECTOR: BASIC METALS AND MINERALS

ENTERPRISES: ALUMINIUM SMELTER CO, AJAOKUTA DELTA STEEL CO, NIGERIAN MINING CORP., NIGERIAN COAL CORP., JOS, OSHOGBO, KATSINA STEEL ROLLING MILLS, NIGERIA IRON ORE MINING CO LTD

	ACTIVITIES
1.	**Establish Steering Committees**
1.1	Appointment/Inauguration
2.	**Policy Formulation/Review**
2.1	Appoint Policy Adviser
2.2	Consensus Building/Workshop
2.3	Publish National Steel Policy Implementation Guidelines
3.	**Legal/Regulatory Framework**
3.1	Appoint Adviser
3.2	Draft Legal Framework
3.3	Draft Sector Regulations
3.4	Publish Draft Bill
3.5	National Assembly
3.6	Enact Legal Framework
3.7	Gazette Sector Regulations
4.	**Sector Restructuring/ Liberalisation**
4.1	Appoint Adviser
4.2	Market Structure Design
4.3	Publish Competition/Licensing/ Liberalisation Rules and Regulations
4.4	Corporatisation of PEs and new Companies
5.	**Privatisation**
5.1	Appoint Adviser
5.2	Shortlist Core Investors
5.3	Issue Information Memorandum
5.4	Due Diligence
5.5	Core Investor Selection
5.6	Initial Public Offer

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SECTOR: TRANSPORT

ENTERPRISES: NIGERDOCK, NIGERIA RAILWAYS CORPORATION
INLAND WATER WAYS AUTHORITY

	ACTIVITIES
1.	**Establish Steering Committees**
1.1	Appointment/Inauguration
2.	**Policy Formulation/Review**
2.1	Appoint Policy Adviser
2.2	Consensus Building/Workshop
2.3	Publish Transport Policy Implementation Guidelines
3.	**Legal/Regulatory Framework**
3.1	Appoint Adviser
3.2	Draft Legal Framework
3.3	Draft Sector Regulations
3.4	Publish Draft Bill
3.5	National Assembly
3.6	Enact Legal Framework
3.7	Gazette Sector Requlations
4.	**Sector Restructuring/ Liberalisation**
4.1	Appoint Adviser
4.2	Market Structure Design
4.3	Publish Competition/Licensing/ Liberalisation Rules and Regulations
4.4	Corporatisation of PEs and new Companies
5.	**Privatisation**
5.1	Appoint Adviser
5.2	Shortlist Core Investors
5.3	Issue Information Memorandum
5.4	Due Diligence
5.5	Core Investor Selection
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SECTOR: MEDIA

ENTERPRISES: DAILY TIMES OF NIGERIA PLC
THE NEW NIGERIAN NEWS PAPERS LTD

	ACTIVITIES
1.	**Establish Steering Committees**
1.1	Appointment/Inauguration
2.	**Policy Formulation/Review**
2.1	Appoint Policy Adviser
2.2	Consensus Building/Workshop
2.3	Publish Sector Policy Implementation Guidelines
3.	**Legal/Regulatory Framework**
3.1	Appoint Adviser
3.2	Draft Legal Framework
3.3	Draft Sector Regulations
3.4	Publish Draft Bill
3.5	National Assembly
3.6	Enact Legal Framework
3.7	Gazette Sector Regulations
4.	**Sector Restructuring/ Liberalisation**
4.1	Appoint Adviser
4.2	Market Structure Design
4.3	Publish Competition/Licensing/ Liberalisation Rules and Regulations
4.4	Corporatisation of PEs and new Companies
5.	**Privatisation**
5.1	Appoint Adviser
5.2	Shortlist Core Investors
5.3	Issue Information Memorandum
5.4	Due Diligence
5.5	Core Investor Selection
5.6	Initial Public Offer

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14/5/09
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DEPARTMENTS

THE PRESIDENCY
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SECTOR: OIL AND GAS

ENTERPRISES: NNPC, PORT HARCOURT REFINERY & PETRO-CHEMICALS
KADUNA REFINERY & PETRO-CHEMICALS
WARRI REFINERY & PETRO-CHEMICALS, NIGERIA GAS CO.,
NIGERIA PETROLEUM DEVELOPMENT CO., PPMC
ELEME PETRO-CHEMICALS LIMITED

	ACTIVITIES
1.	**Establish Steering Committees**
1.1	Appointment/Inauguration
2.	Policy Formulation/Review
2.1	Appoint Policy Adviser
2.2	Consensus Building/Workshop
2.3	Publish National Downstream Petroleum Policy Implementation Guidelines
3.	**Legal/Regulatory Framework**
3.1	Appoint Adviser
3.2	Draft Legal Framework
3.3	Draft Sector Regulations
3.4	Publish Draft Bill
3.5	National Assembly
3.6	Enact Legal Framework
3.7	Gazette Sector Regulations
4.	**Sector Restructuring/ Liberalisation**
4.1	Appoint Adviser
4.2	Market Structure Design
4.3	Publish Competition/Licensing/ Liberalisation Rules and Regulations
4.4	Corporatisation of PEs and new Companies
5.	**Privatisation**
5.1	Appoint Adviser
5.2	Shortlist Core Investors
5.3	Issue Information Memorandum
5.4	Due Diligence
5.5	Core Investor Selection
5.6	Initial Public Offer

NATIONAL COUNCIL ON PRIVATIZATION
Secretariat: Bureau of Public Enterprises
Plot 2876, Ibrahim Babangida Way,
Maitama P.M.B 442, Garki, Abuja, Nigeria.
E-mail: bpe@bpeng.org; bpegen@micro.com.ng
Http: www.bpeng.org; www.ncpng.org

MURAY GRAPHIKS LIMITED. 09-2348018. ABUJA