

Newsletter

November 2024



Welcome to the latest edition of the Kreston Pedabo Newsletter!

In this issue, we look at the latest trends and news in the Power & Natural Resources (PNR) and Information Technology & Telecommunication (ITT) sectors to help you stay informed.

Our featured article, "Introducing Sustainability to Operations: A Strategic Roadmap Review for Nigerian Businesses," is important for business leaders, policymakers, and industry professionals. Our roadmap provides practical steps that are tailored to Nigerian businesses, providing the tools needed to effectively implement sustainable practices, whilst sharing successful business cases.

Let's explore these insights together!



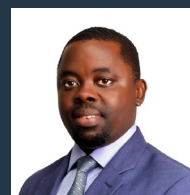
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Introducing Sustainability to Operations: A Strategic Roadmap Review for Nigerian Businesses

Implementing sustainability in operations can follow a phased roadmap that includes awareness, assessment, implementation, monitoring, and continuous improvement. Here's how Nigerian companies are progressing across these stages:

1

Awareness and Leadership Commitment

Building a strong foundation for sustainability starts with leadership commitment. Nigerian companies with visionary leadership as sustainability champions are often more successful in integrating it into operations. Studies show that companies with strong leadership on sustainability outperform peers, with **40% reporting higher profit margins**.

Case

Dangote Group

The Dangote Group, one of Nigeria's largest conglomerates, has made significant strides in embracing sustainability. Its cement operations have introduced low-carbon technologies, including energy-efficient kilns and alternative fuel use. In 2020, Dangote Cement launched an ambitious project to transition from coal to alternative fuels like biomass, agricultural waste, and municipal solid waste for energy generation. The Group's commitment to energy efficiency and sustainable practices across its operations has not only reduced material consumptions but has also contributed to lowering its carbon footprint. In 2023, the Group achieved 184% increase in co-processed waste as alternative fuel, reduced up to 13kgC₂/tonne cem in scope 1 emissions, 4.8% reduction in water consumption, and 1.89 tonnes of waste recycled in DangCircular initiative

2

Assessment and Benchmarking

Before implementing sustainability measures, businesses must assess their environmental impacts and benchmark their performance. Companies can use global sustainability frameworks like the Global Reporting Initiative (GRI) or local guidelines such as the Nigeria Sustainable Banking Principles (NSBP).

Case

Access Bank

Access Bank, **the first Sustainability Certified African Commercial Bank**, has been a leader in corporate sustainability reporting in Nigeria, aligning its operations with the GRI framework. It became the first African bank to adopt the Principles for Responsible Banking (PRB), a UN Environment Programme initiative, and has made sustainability reporting a central part of its annual reporting. Access Bank's approach to sustainability includes a robust environmental management system and sustainable finance practices aimed at promoting green and climate-resilient projects. It is the Bank's practice to dedicate 1% of its annual profit before tax to sustainability. The bank has also reduced its CO₂ emissions from electricity by 63.4% and from diesel by 28.8%. Access Bank reuses or recycles about 10% of the water it consumes annually.



3

Implementation of Sustainable Practices

Implementation is the core of sustainability integration. Nigerian companies across sectors are introducing innovative sustainable practices in energy, waste management, and resource efficiency.

Energy Efficiency and Renewable Energy: Nigerian industries face exorbitant costs due to energy inefficiency, with many relying on diesel generators. Transitioning to renewable energy sources can significantly cut costs and emissions.

Case

MTN Nigeria

MTN Nigeria has been quite proactive in adopting renewable energy solutions. In 2021, MTN rolled out a hybrid solar energy system for its cell towers to reduce its reliance on diesel-powered generators. This initiative resulted in lower greenhouse gas emissions and improved reliability of its services across remote areas. MTN achieved 10.9% reduction in Scope 1 and 2 emissions from base-year emissions.

Circular E-Waste Reduction: Sustainable waste management and circular economy models can help Nigerian businesses minimise waste and optimise resource use.

Case

Nigerian Bottling Company (NBC)

NBC, a subsidiary of Coca-Cola HBC, has integrated circular economy practices into its operations through its “World Without Waste” campaign. NBC is working toward ensuring that all its packaging is 100% recyclable by 2025. The company has invested in recycling infrastructure (recently commissioning recycling banks in Lagos and Abuja), partnering with waste collection and recycling companies to collect post-consumer PET bottles. This initiative is driven towards significantly reducing plastic waste and promoting recycling in Nigeria.

Sustainable Local Agricultural Sourcing: Companies in Nigeria’s agribusiness sector are investing in sustainable agricultural practices to ensure food security and reduce environmental impacts.

Case

Olam Nigeria

Olam Nigeria, a leading agribusiness company, has introduced sustainable farming practices to optimise resource use and reduce waste. In 2021, Olam launched its smart

agriculture program that uses data analytics, soil mapping, and weather forecasting to improve crop yields and reduce water consumption. These practices have contributed to more efficient agricultural production, with a focus on sustainability throughout the supply chain.

4

Monitoring and Reporting

Monitoring sustainability progress and reporting on outcomes are critical for accountability. Transparency through sustainability reporting also builds trust with stakeholders and investors.

Case

Seplat Energy

Seplat Energy, a Nigerian oil and gas company, has adopted an ESG-focused approach to its operations and introduced regular sustainability reporting. Seplat's 2022 sustainability report highlighted its commitment to reducing flaring, increasing biodiversity conservation efforts, and improving energy efficiency across its production sites. The company has committed to a 30% reduction in carbon emissions by 2030.

5

Optimisation and Innovation

Continuous improvement through innovation is essential for keeping sustainability efforts on track. Nigerian companies must adopt cutting-edge technologies to optimise operations and enhance sustainability.

Case

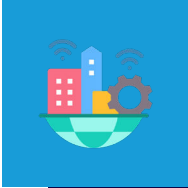
BUA Group

The BUA Group, another leading Nigerian conglomerate, is leveraging technology to enhance the sustainability of its cement operations. In 2021, BUA Group invested in state-of-the-art waste heat recovery technology at its Sokoto cement plant. This technology captures waste heat generated from production processes and converts it into electricity, improving energy efficiency and reducing the plant's overall energy consumption.



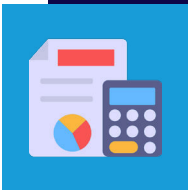
Overcoming Challenges in Nigeria

While Nigerian companies are making progress, several challenges remain in their pursuit of sustainability:



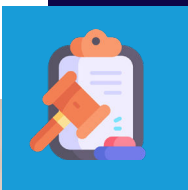
Infrastructure Deficiencies

The lack of reliable infrastructure for energy, transportation, and waste management makes sustainability efforts more difficult and or more expensive to integrate. Businesses have had to invest heavily in off-grid power solutions like solar to bypass the national grid's unreliability so as to remain operational.



High Costs of Sustainable Solutions:

Initial investments in sustainable technologies, such as renewable energy systems and waste management facilities, can be high. However, green financing options, such as loans from the Development Bank of Nigeria and the Bank of Industry's renewable energy fund, have helped companies ease the financial burden.



Regulatory and Policy Gaps

While Nigeria has policies promoting sustainability, inconsistent enforcement and the lack of incentives have hindered widespread adoption. Collaborative efforts between the public and private sectors can help address these gaps.

Conclusion



Sustainability is not just a moral imperative but a critical business strategy for long-term success in Nigeria. Companies like Dangote Group, Access Bank, MTN Nigeria, and others are leading the way, demonstrating that sustainability can drive efficiency, profitability, and resilience. As Nigerian businesses continue to embrace sustainable operations, they are positioning themselves to thrive in a future shaped by ESG considerations, regulatory shifts, and growing stakeholder demands for transparency and accountability.

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Keywords: sustainability, resilience, ESG, businesses, SME, renewable energy, waste reduction, circular economy, energy efficiency,

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October News Round Up

The month of October 2024 witnessed significant developments in Nigeria's Power & Natural Resources (PNR) and Information Technology & Telecommunication (ITT) sectors. In the Power Sector, the Federal Government planned a ₦1.1 billion private sector funding to bridge the power gap in the country. Despite the significant investment made by the Federal Government in the power sector, Nigeria's power grid has collapsed three times in just one week, bringing the total to eight collapses this year alone. In the ICT Sector, the National Association of Telecommunications Subscribers (NATCOMS) called on the Nigerian Communications Commission (NCC) to approve a marginal 10% tariff increase for Telecom Companies to alleviate the rising operational costs in the sector. This is required to ensure an improved quality of service for the operators. Meanwhile, in the Oil and Gas Sector, the Ministry of Petroleum Resources inaugurated technical working groups aimed at moving Nigeria into an energy-smart city in the nearest future. These stories and more are captured in the news roundup for October 2024.

Power & Natural Resources (PNR) Sector News

Power

FG Plans ₦1.1bn Private Sector Funding in Power Sector

The Rural Electrification Agency (REA) plans to secure ₦1.1 billion in private sector funding for the power sector through co-financing, with the government already providing US\$750 million to catalyse investment.

This initiative is aimed at diversifying energy sources, particularly solar energy, and developing micro-

hydro plants in multiple States of the Federation. The goal is to make power projects financially sustainable and appealing for investors, expanding connection programmes to benefit rural households and businesses, and incentivising private Companies to build power networks and connections in rural areas.



Grid Collapses 105 Times in 10 Years

Nigeria's national power grid suffered a major setback on October 19, 2024, its 8th failure this year and 3rd within a week. The grid had previously failed twice within 24 hours on October 15, 2024. Despite significant investments, the grid has collapsed 105 times since June 2015, with 93 occurring between June 2015 and May 2023, and

12 between June 2023 and October 2024. The Nigerian Electricity Regulatory Commission has expressed concern over the escalating grid disturbances, which undermine progress in reducing infrastructure deficits and improving grid stability.

Eko Electricity Distribution Company (EKEDC) Suspends Payment Services Over Upgrade

The Eko Electricity Distribution Company (EKEDC) announced the temporary suspension of its payment services from October 18 to 21, 2024, to facilitate a

system upgrade. The upgrade was aimed at migrating EKEDC to a state-of-the-art 'All-in-One System' in order to enhance operational efficiency.

TCN Restores Electricity to Some Northern States after 9-days of Total Blackout

Vandalism of Transmission Company of Nigeria's (TCN) towers on the 330KV Shiroro-Kaduna lines caused a 9-day blackout in 17 of 19 Northern states. Only Niger and Kwara States maintained relatively stable electricity

supply during this period. Following public outcry and Federal Government intervention, TCN restored power to several northern regions, including Lafia, Makurdi, Jos, Kaduna, Kano, Bauchi, and Gombe States.

Lekki Residents and Environs Plunged into Darkness as Power Outage Drags On

Residents in Lekki and surrounding areas have endured days of total blackout, sparking widespread frustration and complaints on social media. The Transmission Company of Nigeria (TCN) attributed the outage to a protective control mechanism shutdown of a 300MVA power transformer at the Lekki Transmission Sub-Station on October 24. TCN has deployed engineers and

contractors to work on restoring power, while assuring residents of prompt resolution. Despite reassurances, the prolonged blackout disrupts daily life and strains local businesses, with residents calling for expedited repairs and better contingency plans. TCN has pledged regular updates and expects power restoration to conclude soon.



Oil and Gas

The Ministry of Petroleum Resources launches technical working groups to transition Nigeria into an energy-smart city

The Federal Government launched two Technical Working Groups (TWGs) on October 9, 2024, to boost the National Gas Expansion Programme (NGEP). The groups, comprising the National Board for Technical Education (NBTE) and Council of Registered Builders

of Nigeria (CORBON), aim to enhance gas training and infrastructure. NBTE will develop a specialised curriculum for gas entrepreneurs, while CORBON focuses on gas reticulation in buildings, inspired by energy-smart cities worldwide.





Information Technology & Telecommunications (ITT) Sector News

Telecom Subscribers Association Urges NCC to Approve 10% Tariff Hike for Telcos

The National Association of Telecommunications Subscribers (NATCOMS) has urged the Nigerian Communications Commission to approve a 10% tariff increase for telecom Companies to help alleviate rising operational costs and improve service quality. The current economic climate has severely impacted telecom operators, thus causing significant financial

strain due to escalating costs of essentials like fuel and electricity. This tariff hike is deemed necessary for sustaining operations and enhancing service quality, which has been on the decline in recent months. Telecom Companies have not raised their service charges in over a decade, despite increasing operational expenses.

Nigerian Banks Crank Up Digital Banking Spending to Weather Tough Times

Nigerian banks are embracing advanced digital banking solutions to meet evolving customer expectations, reduce operational costs, and expand financial inclusion. The shift is driven by the need to operate efficiently in a challenging economic environment, exacerbated by the Naira's depreciation, and increasing demand for digital

services from a tech-savvy population. Key innovations include adopting locally developed solutions, integrating blockchain technology for payment processing, and leveraging sophisticated software platforms to enhance customer experience, data-driven decision-making, and cybersecurity.

Final Comments

Nigeria's transformative efforts in the Power, Oil and Gas, and ICT sectors signifies a brighter economic future. The government's securing of N1.1 billion in private sector funding for the power sector marks significant progress in diversifying energy sources and developing micro-hydro plants, thus reducing reliance on fossil fuels. Despite this, the 105 grid collapses in 10 years underscore the urgent need for infrastructure upgrades to ensure stability and reliability.

The launch of Technical Working Groups in the oil and gas sector will enhance gas training and infrastructure, boosting efficiency and productivity. The ICT sector's shift towards digital banking will drive efficiency and financial inclusion, as such expanding access to financial services for millions.

While Nigeria's progress is commendable, sustained investment and innovation are crucial to overcoming its challenges. With the World Bank's US\$15 billion commitment to supporting Nigeria's development, if well managed, the country is poised to achieve its growth potential.

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