

# Economic Alternatives to the **CROSS RIVER-SUPER HIGHWAY**



## HOW FEASIBLE IS THIS PROJECT?



# N200bn

### Proposed Projected Cost

It is an ambitious and expensive project costed at N800bn in Nov. 2015. The cost has since been reduced to N200 bn even though the length increased by 15km.

The Government of Cross River proposes to build a N200 billion 275km Super highway. The same proposed road was previously budgeted at N800bn when its length was shorter at 260km. The Cross River State Government claim the super highway will evacuate cargos from the proposed Calabar deep sea port to the central and northern parts of Nigeria as well as Chad and Niger.

This is an ambitious and expensive project. There has been so much debate about the human and environmental cost of the super highway and very little debate on its viability for investors. How economically feasible is the super highway project? How will the project be funded? Who will pay back the money? How will the money be paid back? Exactly how much revenue will this road bring to Cross River State? These are some of the question that needs to be asked in the debate about this super highway project.



## WHERE IS THE SEA-PORT?

### The super highway requires a seaport to take goods from Calabar. No funder has even signed up to the construction of the SEAPORT

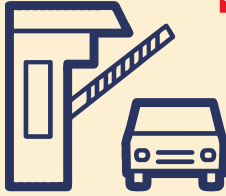
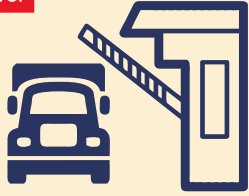
According to the Cross River State government, the super highway project will be funded by a Public-Private Agreement (PPA). The State government claims its super highway investors will make returns on investment through collected toll fees from vehicles and trucks that ply the highway, evacuating the proposed Bakassi deep sea port. But the Bakassi deep sea port is yet to exist and up until now no organisation has signed up to the funding of the deep sea port project.



Building a deep seaport in Calabar is expensive with continuous dredging



The site of the proposed deep sea port is very shallow; 7m deep at high tide and 1m at low tide. Building a deep sea port at the proposed site will not only be technologically challenging but unreasonably expensive to maintain, due to constant dredging to maintain the depth required for large vessels.

## WHO WILL PAY BACK FOR THE SUPER HIGHWAY ?

↓ N1,000/Car	↓ N5,000/Truck	
	<div>SUPER HIGHWAY TOLL GATE</div>	
<b>100years</b> Even at this high estimated toll fees, it will take <b>over a 100 yrs</b> to pay back the cost of construction		

From estimation, even if over 700 trucks (which is 20% of all cargo trucks in Nigeria) plus 4,000 vehicles (as forecasted by the State Government) ply the proposed super highway on a daily basis, the toll fees would have to be set at very exorbitant rate for the State Government to ensure an investment return in 100 years without any interest. We have even included 10% of container traffic from Douala and Benin republic ports which supply Chad and Niger (countries the proposed Bakassi deep sea port and superhighway is proposed to also service.)

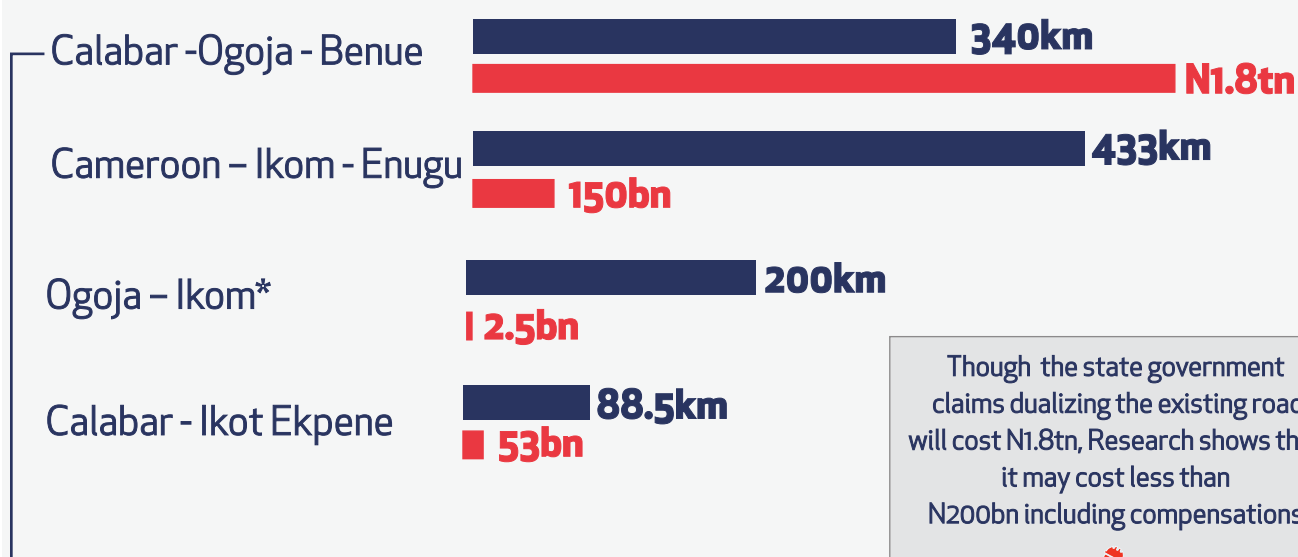
## ALTERNATIVES TO THE SUPER HIGHWAY

Super Highway	Recommended Alternatives
 <b>200bn</b> The super highway is a proposed 275km road linking Cross rivers to Benue State and estimated to cost a total sum of N200bn	What's the need for a new HIGHWAY ?  The State already has 2 links to Benue State. Why not fix the existing highway or push the FG to do so?

Already Cross River State has 2 existing highways that connects Calabar to Benue state. Fixing and expanding one or both of the existing highways will not have any negative impact on the biodiversity of the last remaining tropical rain forest in Nigeria and communities will not be displaced. It really would have made more sense to lobby the FG to fix and expand the highway or simply collaborate to scale-up repairs of sections of the existing Calabar - Ogoja highway currently being undertaken by the NDDC and the Ministry of Works, Power and Housing.

Cross river state rejected upgrade of existing Calabar- Ogoja- Benue that could have served the same function with the proposed super highway, We question the N1.8 trillion that CRSG alleged will be the cost of upgrading the existing Calabar- Ogoja- Benue road.

## COMPARATIVE COST OF HIGHWAYS IN NIGERIA



\* The road is at a concluding stage and the specified amount is as captured in the 2017 budget.

Though the state government claims dualizing the existing road will cost N1.8tn, Research shows that it may cost less than N200bn including compensations



**N200bn**

In its EIA, the Cross River State Government claims it will cost 1.8 trillion naira to fix one of the existing highway, that is the 336km Calabar – Ikom – Ogoja highway which emerges in Vandekya, Benue State. This is very unlikely, considering the cost of other highway projects in Nigeria. Research has shown that it will cost approximately N200 billion to fix and expand the existing highway. This cost includes paying compensation to those that may be affected by the expansion of the highway.



This project suffered a **stop work order** from the Federal Government for proceeding without an **Environmental Impact Assessment(EIA)**



Versions of the EIA released by the state government **failed to meet the most basic standards for an EIA** at 3 public hearings



# Economic Alternatives to the CROSS RIVER-SUPER HIGHWAY




**Cross River Govt claims cost of existing Calabar - Ogoja upgrade is N1.8 Trillion. Is this possible?**

**1.8tn**

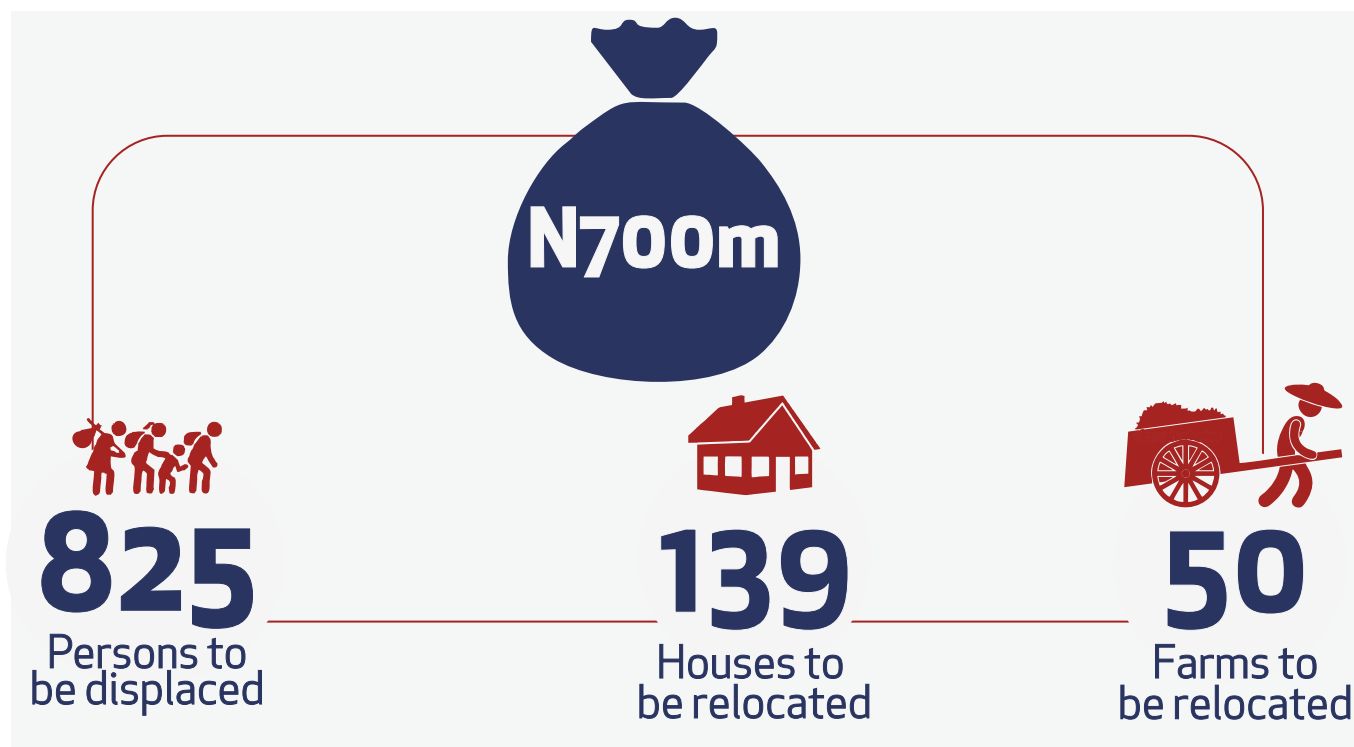
**This is higher than the  
entire capital  
allocation as proposed  
in the 2017 budget  
for 13 key agencies**

**1.6tn**

## TOP FG CAPITAL ALLOCATIONS

 <b>N529bn</b> Power, Works and Housing	<b>KEY MINISTRIES</b>	
 <b>N262bn</b> Transportation	 <b>N150bn</b> Special Intervention	 <b>N140bn</b> Defence
 <b>N92bn</b> UBEC	 <b>N85bn</b> Water Resources	 <b>N81bn</b> Industry, trade and investment
 <b>N63bn</b> Interior	 <b>N61bn</b> Niger Delta Development Commission	 <b>N51bn</b> Health
 <b>N50bn</b> Education	 <b>N37bn</b> FCT	 <b>N33bn</b> Niger Delta

## Is N700 million enough for compensation and resettlement?



### Why is the projected **COMPENSATION AND RESETTLEMENT** cost so low?

The EIA presented by the Cross River State Government claims that the super highway construction will affect only 95 communities yet it estimates that only 825 persons, 139 homes and 50 farms will be affected throughout the entire 275km super highway. It then projects a sum of N700 million only, to compensate and resettle them. The possibility of only 50 farms and 139 homes along the 275km pathway of the super highway is questionable.

Recently the Federal Government gave 23 conditions to the State Government before the commencement of the super highway project. One of those conditions was to compensate people whose properties have been destroyed from the initial phase of the super highway construction. Up to the point of writing this report, there are still people whose farms have been destroyed and have not yet been compensated. To further complicate issues no valuations were done before the destruction.

**23**  
CONDITIONS

The Federal Ministry of Environment has since issued an unprecedented **"provisional EIA"** with 23 conditions the State Government must meet to proceed with work.

In 2016, Cross River State budgeted about N600 million for rural roads compared to the N200 billion it intends to splash on just one superhighway. This neglect of rural roads defeats the argument for boosting the local economy. Instead of concentrating infrastructure funds on one road evacuating a non-existent port, it would be more sensible to create and repair at least 30km of roads in all 18 local Government areas in Cross River State every year to link people and goods to each other and to major roads, and as a result, boost the local economy, create work and improve quality of life.

The existing highway can and is in parts being repaired by the Federal Government.

In the 2016 budget, over  
**N600m**  
 is budgeted by CRSG  
 for Intra-state road construction



Several rural communities have a huge challenge with access to farmlands and markets



...with the super highway, CRSG will splash 40 billion a year for 5 years on one road and 600million on ALL rural roads,



makes the economic argument for the highway boosting rural farming redundant...

## A DEBT BURDEN FOR CROSS RIVER STATE

 **\$115m**

Cross Rivers state has the **4th largest external debt** amongst the 36 states in Nigeria, put at \$115m.

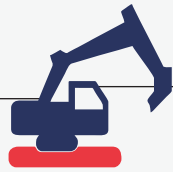


This is partly due to poorly implemented projects such as Tinapa and loss of oil revenue.

Raising external debt for a project without deep analysis will undermine future state revenues needed to create an enabling living and business environment for present and future generations?



The Cross River state government can **work with the Federal ministry of works and NDDC** to upgrade the existing Highway.



MINISTRY OF WORKS  
FEDERAL REPUBLIC OF NIGERIA



NDDC  
Niger Delta Development Commission  
...Determined To Make A Difference



The Federal Government has already appropriated funds, for renovating portions of the existing highways, through the Federal Ministry of Works and the NDDC, as captured in the 2017 budget

Sections of two existing roads leading from Calabar to northern Cross River State and onwards into the national road network are being refurbished this year. The 2017 Federal Budget provides funds for renovating parts of the federal highway between Calabar and Ogoja linking Benue through Ministry of Works Power and Housing and the Niger Delta Development Commission. In addition the NDDC has indicated it will renovate the old Oban to Ikom road. This Super Highway would only destroy the rainforest in-between these roads. Why not take a portion of the money and invest in eco tourism thus creating synergy between the unique forest wealth and tourism that Cross River is known for?

Federal Govt and NDDC should move quickly to complete the refurbishment so that Cross River communities and production centres get access to proper road networks and economic upswing!

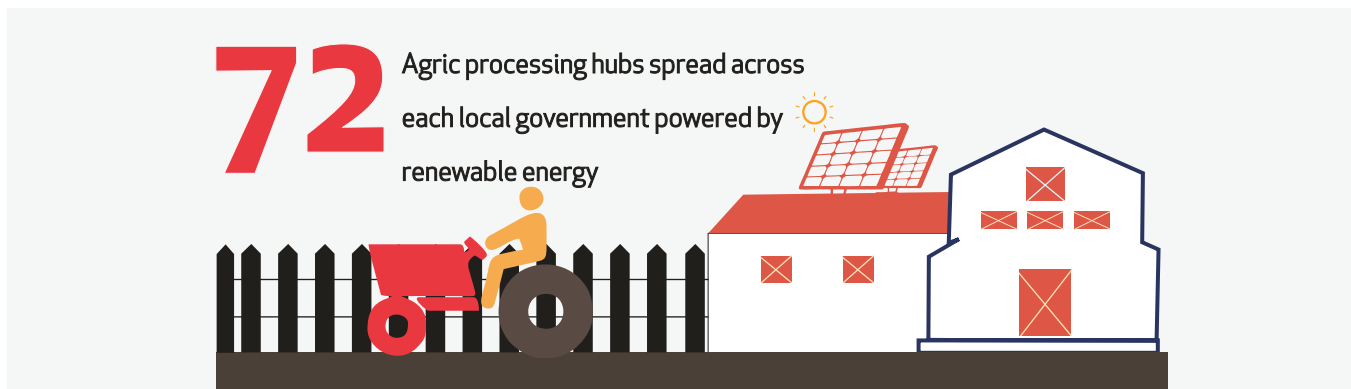
Cross River State owes \$155 million of external debt and more locally. Any additional debt must be considered with caution so as not to bankrupt the state and ruin the future of coming generations.

Compounded by a total loss of its oil wells, Cross River State already suffers from poor implementation and adaptation of the multi-billion naira Tinapa project.

## WHAT ELSE CAN BE DONE WITH N200 BILLION

### ◆ Renewable energy powered agric processing hubs

Cross River State is largely agrarian. Electricity and rural roads remain a huge challenge for agriculture and the processing that adds value and profits. The state could invest in 72 renewable energy powered agriculture processing hubs spread across its 18 LGs to support economic development. Milling, drying, grinding, de-husking, extracting, packaging centres brought closer to the people in partnership with technical partners could be the catalyst needed for off grid powered innovation.



### ◆ Information Technology Hub

What about completing the Tinapa Knowledge City project with a fraction of the costs being bandied about? The 10,000 sq ft hub would power IT start-ups, incubators, businesses, a call centre, and training hubs and take full advantage of Calabar's existing 160km of fibre optic network. The resulting impact on young people within and outside Cross River as well as to business, if well implemented, would be phenomenal.



## ◆ Support SMES

Cross River State hosts CBN South-South Entrepreneurship Development Centre, a Bank of Industry branch and a state entrepreneurship development centre. Imagine the impact of supporting 2000 small and medium scale businesses with N5 million each of matching funds or guarantees through these institutions



Empower 2000 SMES  
in the state with **N5m** Each

## ◆ Tourism

Providing an enabling environment for what Cross River State is most famous for; tourism and preserving and enhancing its ecological assets which boost other countries (Kenya for example) economies. The state had recorded early success in attracting internal tourism flows so so it is obvious that this does not seem to be a priority now that a made in Nigeria renaissance is boosting local tourism.

## ◆ Conclusion

It is debatable after sieving through case studies and data that a N200 billion investment in the Cross River super highway or \$700 million deep sea port is recoupable or even possible to obtain in the first place. Cross River State is already deeply in debt and lacks the deep pockets of other Niger Delta states. It would be wise for the CRSG to serve its constituency in other ways and open its process to public scrutiny and consultation if it hopes to steer the state to economic prosperity. Alternatives to this stagnating project are a possibility and a necessity.

