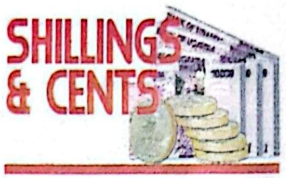
DANGOTE'S REAL REFINERY IS CONFIDENCE

By Paul Busharizi



There is a reason Aliko Dangote is once again dominating Africa's business conversation.

Yes, his 650,000 barrels-per-day refinery, the largest on the continent, is reshaping Africa's energy landscape. Yes, he is talking about another refinery of similar scale in East Africa and plans for a continent-wide share sale.

But the real significance of Dangote lies elsewhere. He has de-risked African ambition.

For decades, Africa has suffered from a peculiar inferiority complex. We complain endlessly about poor infrastructure, unreliable power, weak transport systems, and limited industrial capacity, yet many of us never truly believed projects of global scale could actually be built here by Africans.

Big refineries were for the Gulf. Industrial megaprojects were for China. Africa's role was to export raw materials and import finished products at a premium.

Then Dangote built the world's largest single-train refinery in Lagos. And suddenly the impossible no longer looks impossible. That matters because confidence is one of the most underrated forms of infrastructure.

The refinery itself is important, yes. But perhaps its greatest contribution is psychological. It has shown investors, governments, and entrepreneurs that African industrial scale is not a fantasy. It can be done. More importantly, it can make money. That last point is critical.

Africans often talk about profit as though it is morally suspicious. Yet every prosperous society in history has been built by people pursuing profit through solving large societal problems. Dangote looked at Africa's absurd dependence on imported refined fuel, despite being rich in crude oil, and saw an opportunity.

The result is a refinery capable of meeting Nigeria's domestic fuel demand while exporting refined products across the continent.

This is capitalism functioning as it should: private ambition aligned with public utility. Indeed, Dangote is yet another validation of perhaps the most important economic lesson of the last 40 years: the private sector creates wealth far more effectively than governments ever can.

The role of government is not to run businesses. It is to create an environment in which businesses can thrive: stable policy, predictable regulation, security, infrastructure, and functioning public institutions.

Businesses then create wealth. Governments tax that wealth and use the revenues to provide public goods, which in turn improve the business environment further. That is the virtuous cycle prosperous societies have mastered.

Dangote illustrates this perfectly. His companies are among the biggest taxpayers in Nigeria. In effect, private enterprise is helping finance the Nigerian state itself.

■How Dangote financed the refinery

The most fascinating part of the Dangote story is how he financed the refinery.

Africa has become accustomed to thinking of large projects through sovereign borrowing and donor support. Dangote approached financing differently. He raised commercial capital from international markets based on hard numbers, projected cash flows, and bankable economics.

During a recent interview with Norwegian fund manager Nicolai Tangen, Dangote casually listed some of the international institutions backing his projects, among them Standard Bank and Standard Chartered.

That revealed something important: he has cracked the code of how to present African projects to global capital. Not through emotional appeals about poverty or development. But through commercially compelling proposals grounded in scale, demand, and profitability.

The refinery reportedly cost about $20b, the kind of figure normally associated with sovereign states, not private individuals. Yet that is precisely the point. Dangote is operating at the scale African nations are supposed to play.

■And now comes the next phase

The planned continent-wide Initial Public Offering (IPO) is not merely about prestige. It is potentially a watershed moment for Africa's capital markets themselves.

For years, we have claimed Africa lacks financing for infrastructure. That is only partly true. Africa does not lack money. African pension funds, insurance pools, sovereign funds, and private savings collectively hold billions of dollars. The volume of transactions on mobile money is proof enough.

What Africa lacks is the infrastructure, and often the confidence in existing market infrastructure, to mobilise and aggregate those savings into transformational projects.

Dangote's listing could help change that. By going to continental bourses, he is helping energise Africa's own capacity to fund its development agenda. African pension funds and ordinary investors could directly participate in financing infrastructure that benefits them.


Nigerian businessman Aliko Dangote

The likely objective of the IPO will also be to pay down part of the refinery's debt burden, freeing up capital for further expansion into refining, fertiliser, petrochemicals, and power generation. That is how industrial ecosystems are built.

Success creates confidence. Confidence attracts capital. Capital finances expansion. Expansion creates scale.

During the interview with the Norwegian fund manager, Dangote made the argument this column has long argued: businessmen attract businessmen more effectively than smooth-tongued officials pitching investment opportunities abroad.

■Success markets itself

When investors see a refinery operating at that scale in Africa, they begin to imagine what else is possible: fertiliser plants, steel mills, logistics corridors, and regional rail systems.

Yet predictably, Dangote has also created enemies. Import cartels, middlemen, and corrupt bureaucracies thrive in systems built around scarcity and inefficiency. Large transformational projects threaten existing rent-seeking networks.

Which is why Africa needs more Dangotes.

Not because billionaires are saints. But because the continent desperately needs businessmen with enough ambition, scale, and risk appetite to drag development forward faster than bureaucracies can delay it.

For Africa to produce more Dangotes, it must finally confront one of its biggest economic failures: fragmentation. We cannot build continental industrial giants while operating as 54 disconnected economies.

A refinery producing 650,000 barrels per day only makes sense within a large integrated market. The same applies to railways, fertiliser plants and manufacturing hubs.

Scale matters. Dangote's story ultimately is not about oil. It is about belief.

Belief that African capital can build globally competitive infrastructure. The belief that African businessmen can think on a continental scale. Belief that profit and public good are not enemies.

Most importantly, it is proof that Africa's vast bounty will not be unlocked by rhetoric. It will be unlocked by Africans bold enough to build.

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