



NIGERIA: THE FINAL FRONTIER



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Presentation Outline



1. Situating Nigeria
2. Economic Environment
3. Capital Flow
4. Global Prospects
5. Sustaining National Competitiveness
6. Policy Thrust on Investment
7. Stimulating Industrial Development
8. Investment Opportunities
9. Incentives
10. Nigeria Investment Promotion Commission
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Situating Nigeria in Africa



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Situating Nigeria

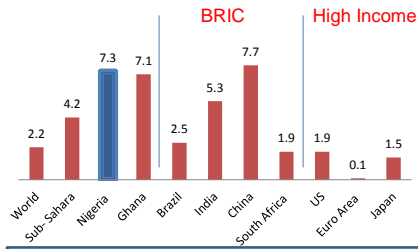


- LOCATION - West Africa, Africa
- GOVERNMENT - Democratic since 1999
- LAND AREA - 923,768sqkm
- POPULATION - 167.0million (2011 Est.)
- OFFICIAL LANGUAGE - English
- CAPITAL CITY - Abuja
- CURRENCY - Naira (N)
- INTERN. TIME ZONE - GMT+ 1

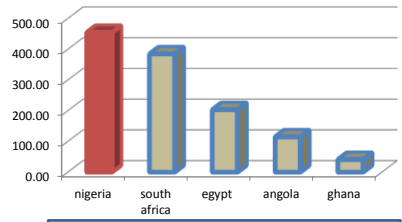
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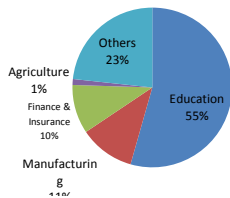
Economic Environment



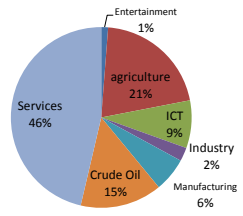
Nigeria's economy is expected to grow steadily at about 6% over the next five years



Nigeria is Africa's biggest Economy



Economy's Job Creation

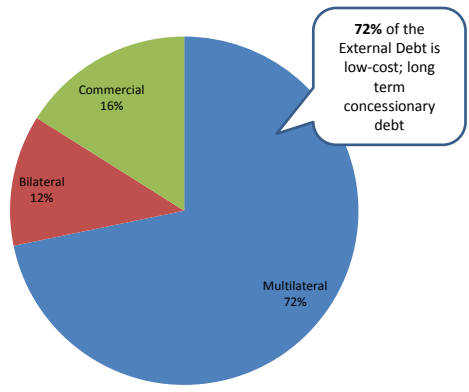
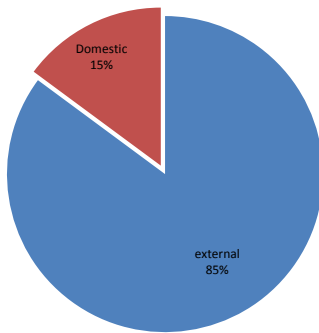


Sectoral Contributors to GDP

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Economic Environment



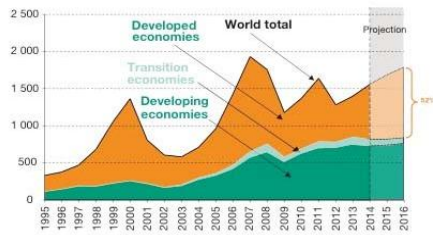
72% of the External Debt is low-cost; long term concessionary debt

Nigeria's Debt to GDP ratio is about 13.51%

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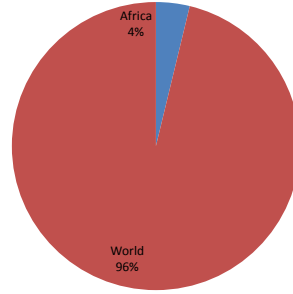


Capital Flow



- FDI flow into emerging markets is steadily on the rise
- In 2013, FDI flow increased by 9%, reaching \$1.45 trillion.
- Developing economies accounted for 54% (\$778 billion).
- Investment into developing economies grew at 7%, down from 17% in 2012

- Africa's share of Global FDI stands at 3.9%
- FDI flow to Africa grew by +4% - propelled by intra-Africa investment flows in line with African leaders efforts towards deeper regional integration.
- Intra-Africa investment is lead by South Africa, Nigeria and Kenya

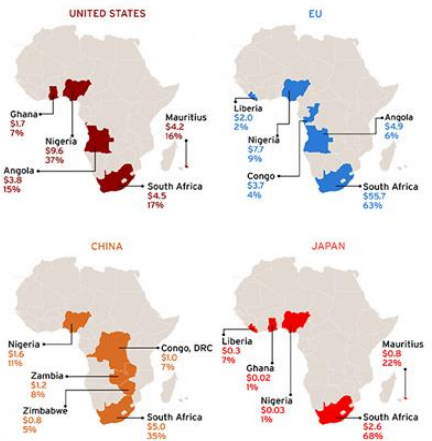


Capital Flow



Top 5 Africa FDI Recipient of FDI

\$ VOLUME (IN \$US BILLION)
% FDI (OF TOTAL FDI TO SSA)



Source: UNCTAD

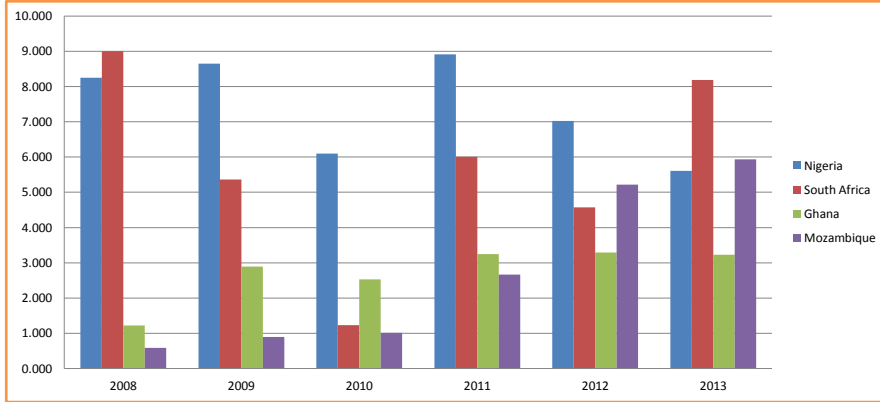
- Nigeria is a leading recipient of FDI from major capital source
- Accounts for 37% of capital inflow into Africa from the United States; 9% of EU Member States; 11% of China and 19% of Japan



Capital Flow



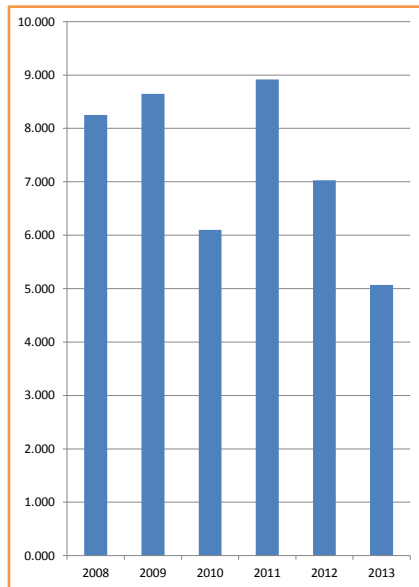
Nigeria is a major recipient of FDI inflows into Africa



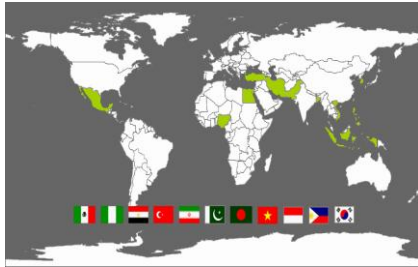
- Nigeria remains a major recipient of FDI inflow in Africa; accounting for an annual average of 15% in the last 5 years.
- UNCTAD named Nigeria as a top 3 investment destination over the last 3 years



Global Prospects



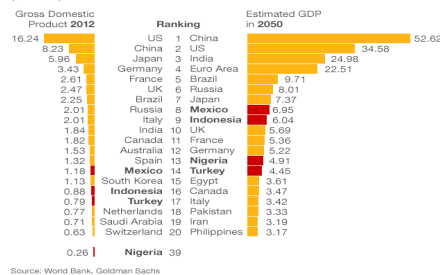
- Over the last 10 years net FDI has grown by 16.08% on average.
- Despite security challenges, Nigeria remains a key destination for investments
- Passage of PIB and completion of other sector reform programmes will accelerate growth in FDI
- Nigeria remains on the watch list of 3 out of 10 companies according to Wall Street Journal
- Investors interest spans across all sectors with petrochemicals/Fertilizer, Telecoms, Real Estate and Manufacturing topping the chart
- Nigeria is key global region for high return on investment – on the average FDI makes a return of 36%



- Member of the Next – 11 economies
- Economies with rapidly growing populations combined with significant industrial capacity or potential, a growing consumer market with increased earning potential
- Huge business opportunities for both local and international firms

- A member of the MINT countries
- Projected to be a top 20 global economy by 2050; already 26th largest economy in the world
- Fastest growing economy among the MINT countries with strong fiscal balance, and lowest public debt

Rise of the MINTs (\$ trillions)



- Commitment to **Sustainable Competitive Business Environment**
 - Building a stable Democratic System
 - Government remains committed to transparent, fair and peaceful electoral process
 - 5th Democratic transition in process
 - Building an efficient socio-economic infrastructure
 - ICRC continues to fine tune its engagement rules with the Private Sector in the execution of Public Private Partnerships
 - Government has adopted an Integrated Infrastructure Master Plan to build an efficient infrastructure network
 - Strengthening the Financial and Insurance sector
 - Banking and Insurance industries are constantly been restructured for better and efficient service delivery
 - Development Finance Institutions are also being restructured for improved service delivery
 - Recapitalisation of the BOI is in progress



Sustaining National Competitiveness



- Sustained simplification and streamlining of Business Entry procedures
 - OSIC continues to provide platform for coordinated service delivery
 - CAC committed to 24hrs incorporation of businesses across the country
- Ensuring a globally competitive Business regulatory framework
 - Government is committed to setting a rule based business regulatory framework across all sectors devoid of discretion
 - A National Competition and Consumer Protection Policy is in advanced stages of adoption
 - To enhance investors' confidence and provide wider protection to consumers
- Eliminating multiplicity of taxes across the tiers of government
 - Government continues to streamline applicable and collectible taxes among the tiers of government
 - The Joint Tax Board continues to public the list
 - Government has directed the removal of all roadblocks set up to collect taxes across the country
- Building an efficient Public Service devoid of bureaucratic huddles and corruption



Sustaining National Competitiveness



- Strengthening **domestic** entrepreneurs
 - Developing industry value chains
 - Industrial specific policies are creating clusters to develop value chains
 - National Industrial Revolution Plan
 - National Enterprise Development Programme
 - National Automotive Policy
 - Agriculture Transformation Agenda
- **Regional Integration**
 - Effective conclusion of ECOWAS Regional Market Integration
 - Nigeria is providing leadership
 - Integrate economic policies with external affairs policies
 - Effectively create new markets for Nigerian entrepreneurs and locally produced goods
 - Nigerian Financial and Extractive Industries are rapidly turning into continental giants



Sustaining National Competitiveness



- Proactive action towards addressing Investors' concern: Inaugurated two Business Committees:
 - Doing Business and Competitiveness Committee:
 - To address policy issues inhibiting competitive business environment
 - To coordinate policy reforms that would stimulate private sector growth
 - Investor After-Care Committee:
 - To instil fair and transparent business operational procedures
 - To eliminate discretionary concessions and privileges
 - To enhance the image of the economy and build investors' confidence



Government's Policy Trust On Investment



- Emphasis on FDI to fund Transformation Agenda
 - On a Win-Win Basis
- Promote and attract value-added industrialization
- Make FDI work for local economy; i.e. job creation, value-chain, out-sourcing etc
 - SMEs must benefit from the activities of TNC's in the economy
- Promotion of non-oil sector is prioritized
- Target and attract FDI into priority sectors
 - Power, Infrastructure, Agriculture, Light Manufacturing & Non-extractive Oil & Gas activities
- Commitment to Privatisation, Commercialisation and Liberalisation Programme
- Promotion of export oriented activities



Stimulating Industrial Development



- NIP is five year plan aimed to build up industrial capacity, improve competitiveness in Nigeria and increase manufacturing contribution to GDP from 4% to 10% by 2017
- It is well integrated with other government's sectorial transformation agenda
- It targets four industrial grouping: Agribusiness and Agro-allied, Solid minerals and metals, Oil & Gas related industry, and Construction, Light manufacturing & Services
- Sectors selected based on national competitive and comparative advantage



Stimulating Industrial Development

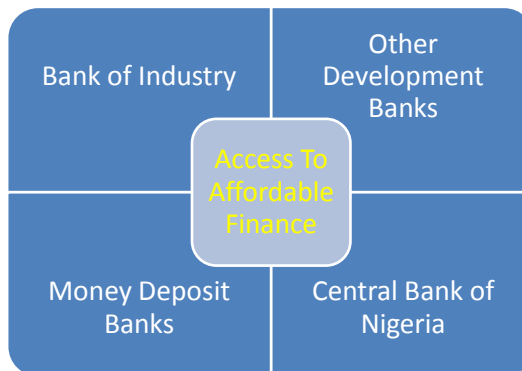


❑ National Enterprise Development Programme (NEDEP)

It is an all inclusive plan spearheaded by the Federal Ministry of Industry, Trade & Investment to reshape the MSMEs Sector and ultimately create direct jobs. It has three components, as follows:

1. Access to Affordable Finance

–NEDEP will collaborate with some financial institutions to provide affordable finance to MSMEs:



National Enterprise Development Programme (NEDEP)



2. Access to Market

- Creation of NEDEP market place for MSME to market their products;
- Collaboration with virtual Market Stores to extend markets for MSMEs



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National Enterprise Development Programme (NEDEP)



3. Industrial Infrastructure:

- Establishment of Industrial Clusters /Enterprise Zones with incentives to reduce costs.



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Investment Opportunities



❑ Solid Mineral – Exploration, Mining and Beneficiation -

❑ Strategic Solid Minerals:

No.	Mineral	Reserve
1	Coal	Est. over 2.7B tonnes
2	Bitumen	Est. 27B barrels
3	Limestone	Est. 3Trillion tonnes
4	Barytes	Est. 15Million tonnes
5	Gold	Proven 1Million in Osun State
6	Lead/Zinc	Proven 5Million tonnes thru advanced drilling of 16 sites



Investment Opportunities



❑ Infrastructure:

- Transportation – Rail, Air, Road, Water for Irrigation & Industries, In-Land Waterways, etc.
- Power – Generation, Transmission & Distribution





Investment Opportunities

□Agriculture & Agro Allied:

- Vast Arable land for Crop production : Maize, Sorghum, Rice, Cocoa, Sugarcane, Oil Palm, etc.
- Agro-processing: food, beverages, paper products, wood & wood products, rubber products, etc



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Investment Opportunities

□Manufacturing

- Automobiles,
- Pharmaceuticals, Textiles & Garments, Iron & Steel, Consumer Products



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Investment Opportunities

- **Services:**
 - Tourism/Hospitality
 - Education
 - Banking & Financial services
 - Waste Management & Treatment



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Investment Opportunities

- **Oil & Gas:**
 - Up-stream: Exploration, Drilling operations, & Production, etc
 - Down-stream operations: Refinery, Petrochemicals, Fertilizer, etc.



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Investment Incentives



□ NATURAL INCENTIVES:

- Market: 167 million, supporting additional 230 million in the West African Sub region.
- Abundant natural resource endowments
- Vast arable land for agriculture.
- Trainable, resourceful and cost effective workforce with 60% youths
- Strategic location – hub of the West and Central African Markets
- Relative absence of natural disasters / calamities; i.e. no earthquakes, hurricanes or major floods etc.



Investment Incentives



□ STATUTORY INCENTIVES:

- Pioneer Status – 3– 5 years Tax Holiday
- Repatriation of Profit (100%)
- Capital Allowances:
 - Research & Development – 140% of expenses incurred
 - Investment in infrastructure 20% of costs incurred
 - Minimum local raw materials utilization – 20% for 5 years
- Very low Value Added Tax (VAT) regime of 5%

□ EXPORT INCENTIVES

- Export Expansion Grant – up to 30% of Value.

□ FREE TRADE ZONES: e.g. Calabar Free Trade Zone, Onne Oil & Gas Free Trade Zone, Lekki Free Trade Zone, and others.



Specific Fiscal Incentives



- **Sugar Production**
 - Machinery and Spare Parts for the establishment of Local sugar manufacturing industries attracts 0% duty
 - Sugar Cane to sugar value chain investors enjoy five (5) years tax holiday:
 - ✓ Raw sugar attracts import duty rate of 10% plus a levy of 50% while refined sugar attracts import duty rate of 20% plus a levy of 60%
- **Aviation Sector** – Commercial aircrafts and aircraft spare parts imported for use in Nigeria attract import duty rate of 0% and 0% import VAT
- **Solid Minerals /Mining** – Machinery and Equipment imported for the development of the solid minerals sector attracts import duty rate of 0% and 0% import VAT
- **Agriculture/ Agro –allied**
 - Tax Relief on Interest Income
 - Machinery and equipment attract zero percent (0%) duty
- **Power Generation and Distribution**
 - Equipment and machinery attract zero percent (0%) duty

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The Nigerian Investment Promotion Commission



- **NIPC Act No. 16 of 1995** confers on NIPC the responsibility to:
 - co-ordinate, promote and facilitate domestic and foreign investments into Nigeria
 - Provide/facilitate prompt, efficient and transparent services to investors (Business incorporation/registration, Grant of approvals, Licenses/Permits and Investment Information & Data)
 - target & attract investment into the economy
 - Facilitate Investor Matchmaking
 - Advise/advocate for policy changes that favorably affects and support investments
 - fiscal and non-fiscal measures designed to promote industrialization and sustain the enabling environment

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The One-Stop Investment Centre (OSIC)



- OSIC is government's strategy at
 - streamlining the investment procedures
 - remove all bottlenecks in business legalization procedures
 - provide prompt, efficient and transparent service
 - coordinate investment facilitating related agencies
- 26 government Ministries and Agencies
- Services at the Centre, includes and not limited to
 - Business Incorporation/ Registration, Grant of Approvals, Permits/License and Investment Information & Data
- More centers to be opened in Lagos, Port-Harcourt and Kano (eventually all States of the Federation)



Steps For Doing Business In Nigeria



For establishing a new business in Nigeria, the following are mandatory:

(A) Incorporation/Registration

- i. Incorporation with Corporate Affairs Commission (CAC).
- ii. Registration of business with foreign equity with the Nigerian Investment Promotion Commission (NIPC).
- iii. Registration with Federal Inland Revenue Service (FIRS)

(B) Operating Licenses /Permits

- i. Banking and Finance – License from the Central Bank of Nigeria.
- ii. Solid Minerals –License from Ministry of Mines & Steel Development.



Steps For Doing Business In Nigeria. . . Cont'd



- iii. Power generation and distribution – license from Nigerian Energy Regulatory Commission (NERC) (as the regulatory agency).
- iv. Information Communication Technology (ICT) – License from Nigerian Information Technology Development Agency (NITDA) or Nigerian Communication Commission (NCC).
- v. Food and Pharmaceuticals –License from National Food and Drug Administration and Control (NAFDAC).
- vi. Manufacturing companies – SONCAP Certification for its products from the Standard Organization of Nigeria (SON).

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Conclusion



- With the economy being the largest in Africa, and consistently among the top three investment destinations on the continent, the economy has shown a strong resilience in spite of the security concerns.
- The NIPC is ever positioned to give an hand-holding support to investors that have decided to make Nigeria their preferred investment destination.

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THANK YOU FOR YOUR ATTENTION

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