

“NIGERIAN INVESTMENT CLIMATE AND OPPORTUNITIES”

By

**NIGERIAN INVESTMENT PROMOTION
COMMISSION (NIPC)**

AT THE

**STRATEGIC ECONOMIC DEVELOPMENT PARTNERSHIP
CONFERENCE IN BULGARIA**

22ND -23RD APRIL, 2009





PRESENTATION OUTLINE

1. **Basic Information**
2. **Reforms in Improving the Investment Climate**
3. **Investment Opportunities**
4. **Incentives**
5. **Steps for Doing Business in Nigeria**
6. **The NIPC**
7. **Conclusion**

NIGERIA: BASIC INFORMATION

- Government - Democratic since 1999
- Population - Over 140 million(constitutes 20% of Sub-Saharan Africa)
- Area - 923,768 Square Kilometers
- Coastline - 853km
- Airports - 5 International Airports
- Seaports - 6 Seaports
- Free Trade Zones - 5FTZ, 7EPF, 5 Export farms and 2 private FTZ
- Credit Risk Rating - BB-
- Annual ROI - Up to 45%
- GDP (PPP) - **\$150.0b (2007 est.)**
- Currency - **Naira (\$1=N150)**



REFORMS IN IMPROVING INVESTMENT CLIMATE:

1. SEVEN POINT AGENDA OF GOVERNMENT

S/N	REFORM AGENDA	REFORM OBJECTIVE	EXPECTED OUTCOME
1	Power and Electricity	Development of sufficient and adequate power supply to ensure Nigeria's ability to develop a modern economy	<ul style="list-style-type: none">•Infrastructure provision to enhance the investment climate and pave the way for profitable investments•Substantially reduce the cost of Doing Business and attract FDI•Support the growth of SMEs•Job Creation & Economic Growth
2	Food Security	Development of modern technology, research, production and devt of agricultural inputs to revolutionize the agriculture sector leading to a 5-10 fold increase in yield and production	<ul style="list-style-type: none">•Substantial increase in production and self sufficiency in agriculture leading to food security•Job Creation and Economic Growth
3	Wealth Creation	Wealth creation through diversified production especially in the agriculture and solid mineral sectors	Massive Foreign Direct Investment (FDI), technology transfer, job creation and poverty alleviation leading to higher economic growth rate

REFORMS IN IMPROVING INVESTMENT CLIMATE:

1. SEVEN POINT AGENDA. . . CONT'D

S/N	REFORM AGENDA	REFORM OBJECTIVE	EXPECTED OUTCOME
4	Transport	Rehabilitation and modernization of the Transport Sector	<ul style="list-style-type: none">•Support the growth of the Nigerian Economy•Unlocking and releasing the potentials of the sector for the benefit of the economy•Enhanced international trade and cross border investments
5	Land Reforms	Provision of Lands for commercialized farming and other large scale businesses for the private sector	<ul style="list-style-type: none">•Food Security•Reduced Housing deficits•Reduced cost of doing business
6	Security	Ensuring safety of lives and investments for vibrant economic activity	<ul style="list-style-type: none">•Conducive business environment•Enhanced economic growth
7	Education	Provision of quality education for technological development	<ul style="list-style-type: none">■Intensified research and development and skills acquisition to drive industrialization■Emergence of knowledge based economy

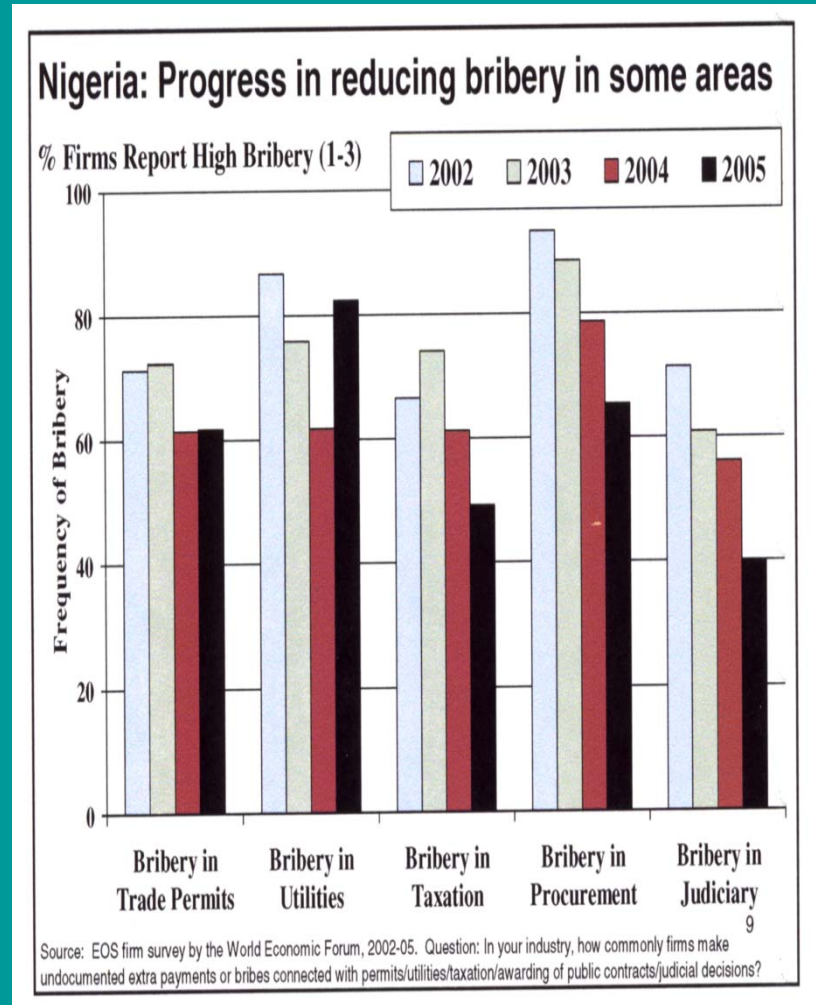
REFORMS... Cont'd

2. Good governance initiatives- Transparency and Accountability

- Sanctity of contracts/ Due Process,
- Nigerian Extractive Industries Transparency Initiative (NEITI), etc.

3. Anti -Corruption & Fight against Financial and Economic Crimes:

- the setting up of Independent Corrupt Practices Commission (ICPC)
- the setting up of Economic and Financial Crimes Commission (EFCC) to deal with Advance Fee Fraud, and related issues;
- Setting up of Security and Investment Tribunal, to handle Securities and Exchange cases



REFORMS. . . Cont'd

4. Image building effort:

- Rebranding & Destination Nigeria Project - a means to improve external image of the country
- Growing and vibrant media at Federal and State levels and strengthened by the Private Sector

5. Public Sector reform

- Servicom,
- Public-Private Partnership (PPP)
- Setting up of Pension Reform Commission,
- Right -sizing the work force
- Setting up of National Health Insurance Scheme (NHIS)

6. Empowerment of the Private Sector:

- the Nigerian Investment Promotion Act of 1995
- Abrogation of all laws inhibiting private sector participation in the economy

7. Commitment to Privatization and Concessioneing of Public Enterprises e.g Nigerian Ports

REFORMS... Cont'd

8. Achievement of macroeconomic stability through:

- ◆ fiscal prudence and minimal deficits
- ◆ efficient resource use
- ◆ controlling inflationary pressures

9. Rehabilitation of infrastructures at the Ports (Air & Sea), road networks etc

10. Streamlining of the Tax System

REFORMS... Cont'd

11. Banking & Finance

- Recapitalization of banks resulting in:
 - 24 strong and stable banks--- no more unsound banks in Nigeria
 - 17 Nigerian banks in top 50 African Banks
 - 15 in top 1000 in the World
 - All indicators of soundness/stability show banking system strongest it has ever been
 - Foreign banks showing stronger interest in Nigeria
 - Partnership in Management of Foreign Reserves
 - Opportunity of establishing more Micro-finance Institutions

INVESTMENT OPPORTUNITIES

- ◆ Oil & Gas
- ◆ Agriculture & Agro Allied
- ◆ Solid Minerals
- ◆ Information & Communication Technology
- ◆ Tourism
- ◆ Power / Energy
- ◆ Manufacturing
- ◆ Pharmaceutical/Chemical
- ◆ Building & Construction

INVESTMENT OPPORTUNITIES. . . Cont'd

1. Oil & Gas Sector:

Upstream Opportunities

- ❑ Exploration & Production - 63 Oil Blocks were put up for sale
 - ❑ Bid result already released
- ❑ Engineering of oil and gas projects
- ❑ Fabrication (locally) and supply of equipment
- ❑ Funding of ring fenced bankable projects
- ❑ Gas utilization projects

Downstream Opportunities

- ❑ Current refining capacity – 445 , 000 bpd (inadequate for growing domestic market)
- ❑ Downstream sector fully deregulated (licenses for refineries granted)
- ❑ Privatization of three NNPC refineries
- ❑ Petroleum Refineries – large regional market exist with high outsourcing potentials
- ❑ Petrochemical Plants – existing infrastructure for development of polyester plants, PVC & Aromatics

INVESTMENT OPPORTUNITIES... Cont'd

2. Agric & Agro- Allied:

- ❑ **Food Production/Processing**
 - ◆ Cassava Production & Processing
 - ◆ Cocoa Production and Processing
 - ◆ Oil Palm Processing
 - ◆ Fruits & Fruit Juice Canning
- ❑ **Poultry & Dairy Farming**
 - ◆ Livestock feed Production
 - ◆ Dairy Products
- ❑ **Fisheries/ Aquaculture**
 - ◆ Fish Processing & Packaging
 - ◆ Deep-sea Fishing.

INVESTMENT OPPORTUNITIES. . . Cont'd

3. Solid Minerals:

- ❑ Development of Bitumen in Nigeria
 - ◆ Reserve estimated at 15 billion barrels
 - ◆ Coverage 73 Km²
- ❑ Exploration and Mechanized Coal/Lignite Production for various End Users in Nigeria & for Export
- ❑ Exploration and Development of Barytes and Bentonite for the Oil Industry and Gypsum for the Cement Industry
- ❑ Exploration and Development of Phosphate Resources of Nigeria for the Fertilizer Industry
- ❑ Processing of Iron Ore

INVESTMENT OPPORTUNITIES... Cont'd

4. Information & Communication Technology (ICT) :

- ❑ Design & Manufacture of Hardware/Software
- ❑ Privatization of National Carrier (NITEL)
- ❑ Telecommunications Support Infrastructure
- ❑ Investment in Existing Operating Companies
- ❑ Rural Telephony
- ❑ Broadband Infrastructure Development
- ❑ New Telecoms License Regime

INVESTMENT OPPORTUNITIES... Cont'd

5. Tourism:

The richness and diversity of Nigeria's culture & tourism resources coupled with economic liberalization policies provide investment opportunities in various areas as follows:

- ❑ Provision of cable bus system in Kanyang, Obudu and Mambilla Plateau
- ❑ Establishment of hotels and resorts near waterfalls, springs, such as Obudu, Jos and Mambila Plateau.
- ❑ Beach Tourism potentials
Establishment of boating and sport fishing facilities
- ❑ Wildlife Tourism Resources
- ❑ Heritage/Cultural Tourism Resources Development of slave trade relics
- ❑ Establishment of museums and preservation of monuments
- ❑ Development of hiking trails and Jeep tracks in the national parks
- ❑ Building of tourist lodges & reception centers at Natural/Physical Attractions

INVESTMENT OPPORTUNITIES... Cont'd

6. Power/Energy:

The abundance of a rich variety of energy sources:

- ◆ Nigeria is ranked 9th in the world in terms of natural gas reserves
Nigeria also has abundant coal reserves
- ◆ Vast hydro potentials
- Power Transformers/Electrical Accessories
- Wind Energy (Generation & Distribution)

INVESTMENT OPPORTUNITIES. . . Cont'd

7. Manufacturing:

The industrial projects desired from these sectors include:

- ❑ Textiles & Wearing Apparel
- ❑ Electrical & Electronics
- ❑ Paints & Pharmaceuticals
- ❑ Petrochemicals
- ❑ Agro-Machinery
- ❑ Automobiles & Spare Parts
- ❑ Wood Products /Furniture
- ❑ Rubber Products

INVESTMENT OPPORTUNITIES. . . Cont'd

8. Pharmaceuticals/Chemicals:

- ❑ Drugs/Medical Equipment
- ❑ Water treatment
- ❑ Chemicals/Petro-Chemicals
- ❑ Fertilizer Production
- ❑ Paints
- ❑ Research & Development

INVESTMENT OPPORTUNITIES. . . Cont'd

9. Building & Construction:

- Housing Estates
- Roads, Railways, Sea ports, etc
- Building Materials (Cement, Sanitary/Plumbing wares, etc)
- Irrigation/ Dams
- Industrial Cluster development

GENEROUS INCENTIVES PACKAGE TO INVESTORS

❑ **Natural Incentives:**

- Virile population of 140 million
- Abundant natural resource endowments
- Vast arable land
- Trainable, resourceful and cost effective workforce
- Strategic location – hub of the West African Market
- One of the most profitable destinations with an estimated annual return on investment at 35% - 45%

GENEROUS INCENTIVES. . . Cont'd

■ Statutory Incentives

- Pioneer Status – 3- 5 years Tax Holiday
- Capital Allowances:
 - Research & Development – use of local inputs – 100%
 - Investment in infrastructure 20% of costs
 - Minimum local raw materials utilization – 20% for 5 years
 - Withholding tax on dividends, interest and rent is 10%, Royalties is 15%, while Management & Technical agreement is 10%

■ Export Incentives

- Manufacturer Export-in-Bond Scheme
- Export Development Fund Scheme

■ Free Trade Zones Scheme

- No personal income tax
- 100% repatriation of capital and profit
- No foreign exchange regulation
- 100% foreign ownership allowed
- No pre-shipment inspection of goods
- No expatriate quota required

STEPS FOR DOING BUSINESS IN NIGERIA

For establishing a new business in Nigeria the following processes should be followed:

1. Incorporation with Corporate Affairs Commission CAC.
2. Registration with Nigerian Investment Promotion Commission (NIPC).
3. Obtain operating license:
 - ❑ For Investment in Banking and Finance, a License with the Central Bank of Nigeria is required.
 - ❑ Investments in Power generation and distribution: Nigerian Energy Regulatory Commission (NERC) as the regulatory agency.

STEPS FOR DOING BUSINESS . . . Cont'd

- ❑ ICT : Nigerian Information Technology Development Agency (NITDA) & Nigerian Communication Commission (NCC) as regulatory agencies.
- ❑ Food and Pharmaceuticals – National Food and Drug Administration and Control(NAFDAC).
- ❑ Solid Minerals – Ministry of Solid Minerals & Steel

4. Acquire Operating Premises

You are in Business in Nigeria

The Nigerian Investment Promotion Commission (NIPC)

- NIPC, is a government Agency established to promote, encourage and provide necessary assistance and guidance for investments in Nigeria.
- NIPC has been reengineered and restructured to complete its transition from being a regulatory body to one of providing facilitation
- NIPC is currently a One-Stop Shop for investment facilitation. This is just another step in the Commission's growing commitment to investor focused service.

NIPC... Cont'd

Our Mandate:

- Support and provide necessary assistance and guidance to foreign and domestic investors in Nigeria
- Develop and implement innovative, focused and effective Investment promotional strategies
- Provide after care services to the investors
- Develop other innovations that aim at attracting Foreign Capital and effective utilization of domestic capital for investment into the Nigerian economy



NIPC... Cont'd

Our Services:

- ⇒ NIPC provides pre-investment and after-care services to existing investors
- ⇒ The Commission advises government on measures that ensure conducive business environment
- ⇒ The Commission provides information on and focus its promotional campaign on sectors in which Nigeria possess comparative advantage
- ⇒ Administration of generous incentives

NIPC... Cont'd

Our Strategic Role in Enhancing Business Growth in Nigeria:

- Networking with the International Investor Council to integrate Nigeria into the global economy
- Constitution of inter-ministerial committee on Problems of Investors in Nigeria
- Organization of international business fora to highlight the improved investment climate
- Secretariat for Committee on Doing Business in Nigeria
- Management of World Bank - MSME Project – inputs to the micro finance policy framework
- Facilitation of Investment Missions (inbound and outbound)
- Organisation of Annual National Conference on Investment to provide a platform for Federal and State government agencies, as well as the private sector organisations to dialogue on issues that pertain to the investment environment;
- Wealthy Nigerians Initiative (within Nigeria & Diaspora)
- Operation of a One-Stop-Investment Centre (OSIC) to fast-track investment facilitation in the country

NIPC... Cont'd

One-Stop-Investment Centre (OSIC):

- An investment facilitation mechanism where relevant government agencies are brought to one location, coordinated and streamlined to provide prompt, efficient and transparent services to investors
- The Centre is currently made up of 16 Government Ministries and Agencies
- Over 22 additional regulatory Government agencies and organized private sector bodies to be brought in under the second phase
- OSIC to establish a branch in Lagos and subsequently Port-Harcourt and Kano

The overall essence is to undertake the following:

- To address administrative bottlenecks;
- To reduce high cost of doing business;
- To eliminate dealing with multiple agencies in different locations;
- To eliminate use of discretion and lack of transparency in granting approvals, licenses, permits, etc;
- To eliminate red-tape in procedures and processes;
- To do away with poor service delivery

Conclusion:

We have recognized that achieving sustainable economic development /growth requires Public-Private partnerships in stimulating investment activities , and cooperation with other nations/international agencies.

NIPC remains committed to its mandate and would play its expected role to support and provide necessary assistance and guidance to foreign and domestic investors in Nigeria.

Thank You for Your Attention.

Nigerian Investment Promotion Commission
Plot 1181 Aguiyi Ironsi Street, Maitama District
P. M. B. 381 Garki, Abuja, Nigeria
Tel: 234 – 9- 4138025
Fax: 234-9-4138026
E-mail: info@nipc.gov.ng
Website: www.nipc.gov.ng

