



**NIGERIAN
INVESTMENT
PROMOTION
COMMISSION**

BUSINESS AND INVESTMENT ENVIRONMENT IN NIGERIA

UNIDO-ITPO AND NIPC ONLINE DELEGATE PROGRAMME 2020

Mohammed Baba
Deputy Director, Investor Relations

Virtual Meeting | September 2020

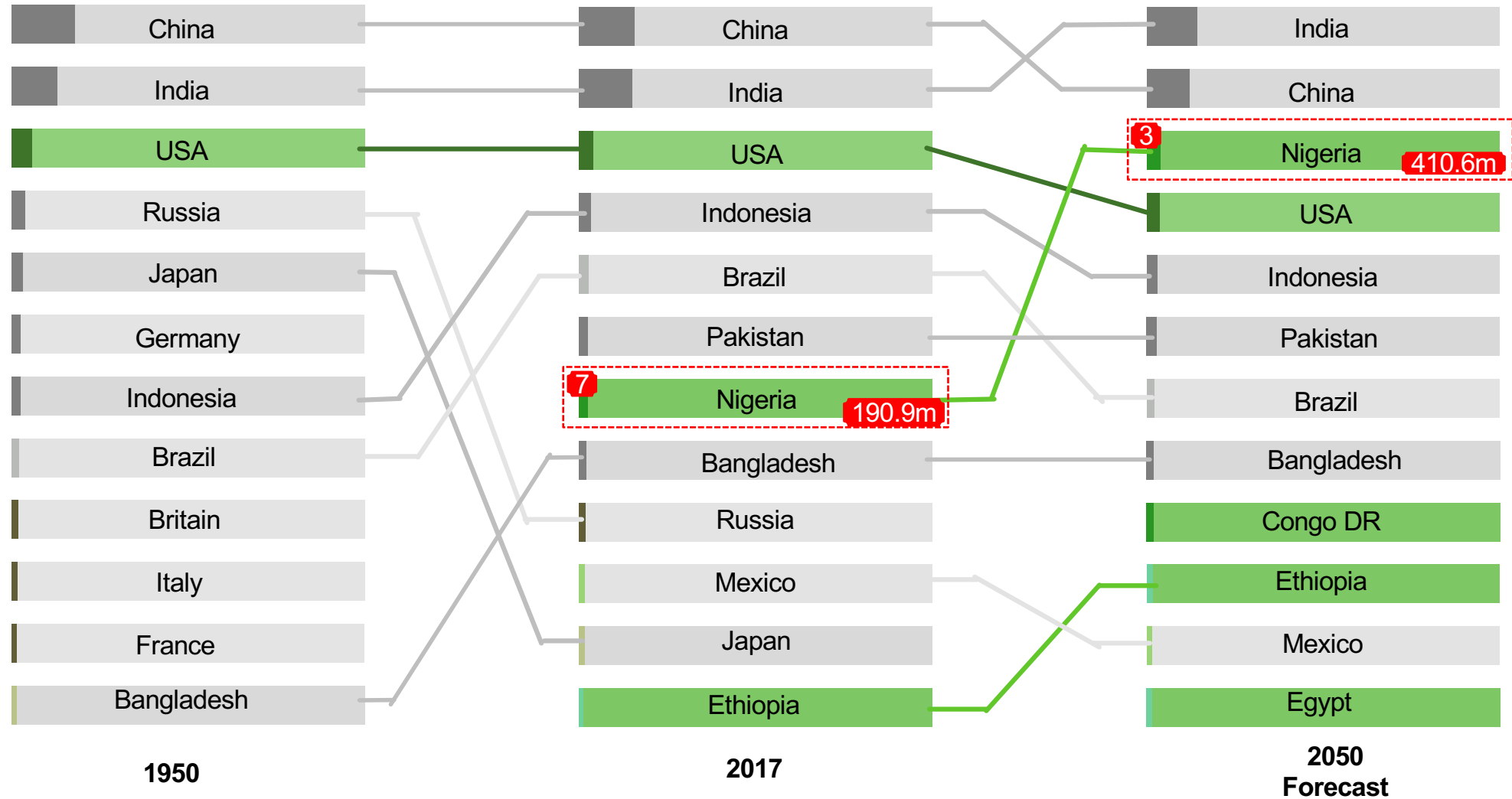


Nigeria in the global context

How the world will look in 2050



Most populous countries





What investors tell us

Africa's perceived barriers to investment...



Business environment is most important barrier...

Unstable political environment



Lack of highly skilled labor



Corruption



Inconsistency and lack of transparency in regulatory policy



Weak security



Unattractive tax policies and financial incentives



Poor basic infrastructure



... incentives are least important barrier



Nigeria's business environment improvement efforts

Improved ease of doing business ranking: Nigeria (131/190)



Nigeria's ease of doing business ranking improved by 15 steps and 4.01 points



... positive national doing business score ...

DB Year	Rank		*DTF	Difference		2020 DB Ranking	
	Rank	Difference		Rank	Difference	Rank	Difference
2020	131/ 190	↑ +15	56.9	↑ +4.01	Starting a business	105/ 190	↑ +5
2019	146/ 190	↓ -1	52.89	↑ +1.37	Dealing with construction permits	55/ 190	↑ +94
2018	145/ 190	↑ +24	51.52	↑ +6.89	Getting electricity	169/ 190	↑ +2
2017	169/ 190	↑ +1	44.63	↓ -0.06	Registering property	183/ 190	↑ +1
2016	170/ 189	→ 0	44.69	↑ +1.14	Getting credit	15/ 190	↓ -3
					Protecting minority investors	28/ 190	↑ +10
					Paying taxes	159/ 190	↓ -2
					Trading across borders	179/ 190	↑ +3
					Enforcing contracts	73/ 190	↑ +20
					Resolving insolvency	148/ 190	↑ +1

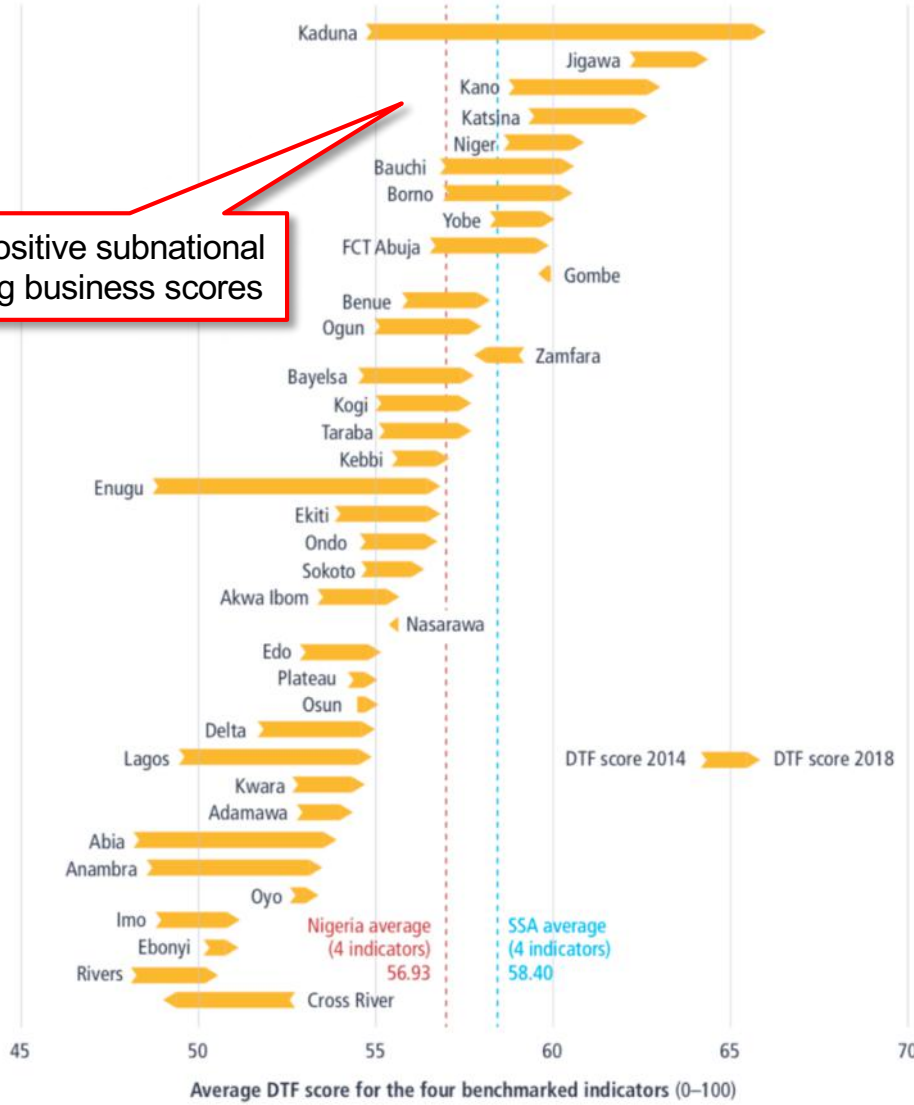
Source: World Bank, Doing Business 2020

* The distance to frontier (DTF) score measures the distance of each economy to the "frontier", which represents the best performance observed on each of the indicators across all economies

Subnational reforms equally important



... positive subnational doing business scores



























In the past 4 years, 29 Nigerian states implemented 43 reforms across the four areas benchmarked. Kaduna, Enugu, Abia, Lagos and Anambra showed the largest advance toward the global good practice frontier



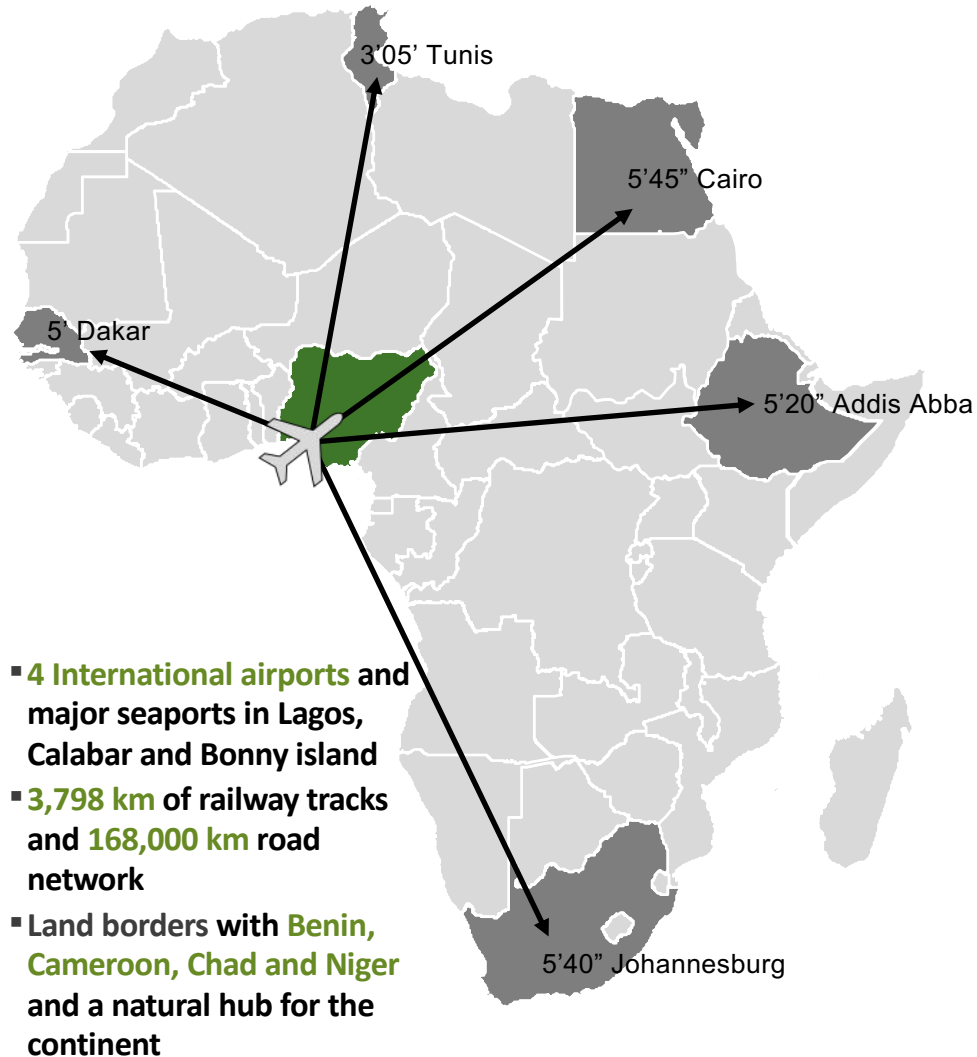
Why Nigeria

Despite the challenges, there are very many reasons to invest in Nigeria...



 <p>Large growing population</p>	 <p>Sophisticated financial markets</p>	 <p>Improving business climate</p>	 <p>Strategic location</p>	 <p>Generous investor protections</p>
 <p>Abundant natural resources</p>	 <p>Large tech-savvy population</p>	 <p>Young, energetic, entrepreneurial population</p>	 <p>Generous investment incentives</p>	 <p>Growing middle class</p>
 <p>Resilient, hard-working “can-do” spirit</p>	 <p>An essential component of every Africa strategy</p>	 <p>Optimistic mobile population</p>	 <p>Large population of consumers</p>	 <p>Strategic time zone GMT +1</p>
 <p>Fast growth projections</p>	 <p>Abundant economic opportunities</p>	 <p>3rd most populous country by 2050</p>	<p>14th Largest economy by 2050</p>	 <p>Language: English</p>
 <p>Private sector-led economy</p>	 <p>Two decades of political stability</p>	 <p>Huge unfilled demand</p>	 <p>Home to many large local and international brands</p>	 <p>Favourable weather</p>

Ideal gateway economy for leveraging AfCFTA



Nigeria is more ready than most African economies

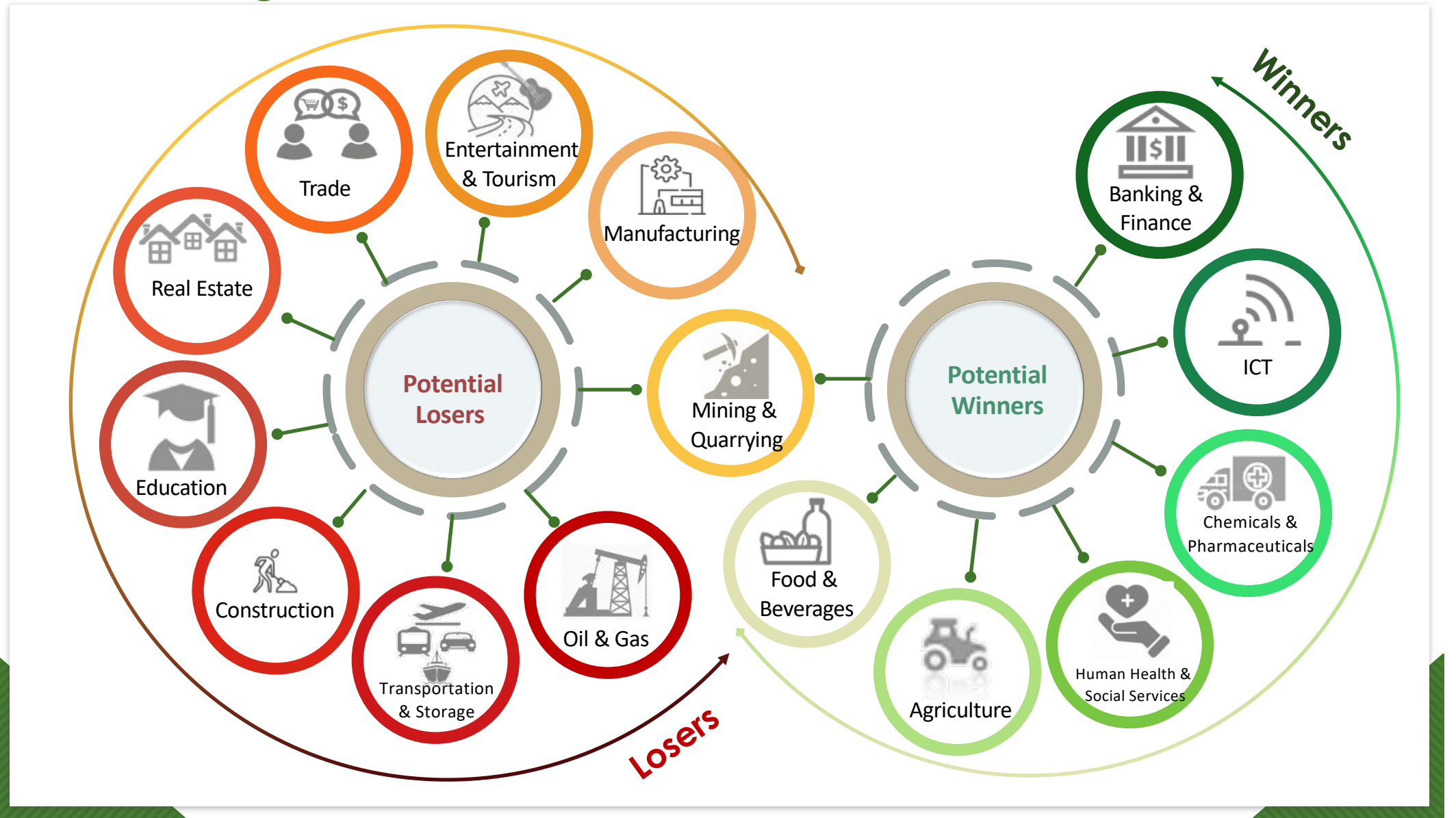
1. Large domestic market makes Nigeria the ideal gateway economy
2. Expanded market for Nigerian goods and services, creating jobs and economic growth
3. Nigeria's manufacturing value addition is more than 7x the average of the top 20 economies in Africa
4. Effective trade remedies will allow action against injurious practices by foreign countries and companies
5. Many Nigerian companies, particularly in the services sector, have long developed the capacity to serve the rest of Africa
6. Complements Nigeria's national development agenda and can catalyse economic diversification

Selected Nigerian companies and their networks in Africa



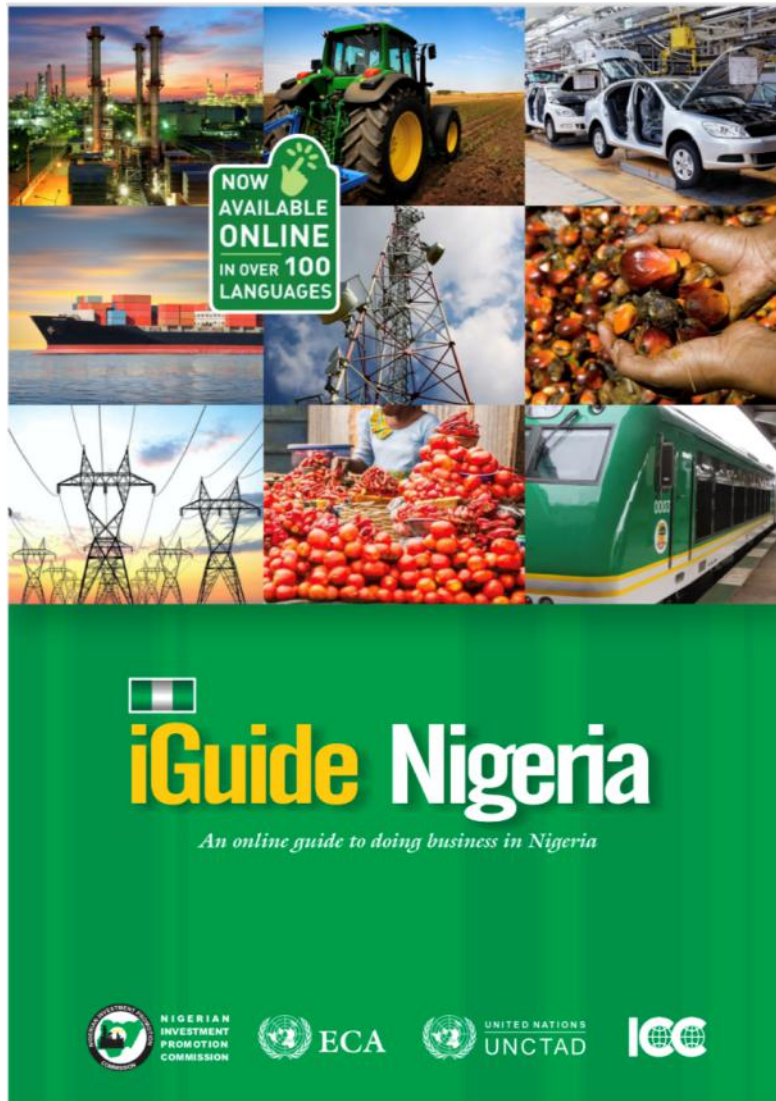
Company	Sector	African operations	
UBA	Services (Banking)	20	Benin, Burkina Faso, Cameroun, Chad, Cote d'Ivoire, Congo Brazzaville, Gabon, Ghana, Guinea Conakry, Kenya, Liberia, Mali, Mozambique, Nigeria, RDC, Senegal, Sierra Leone, Tanzania, Uganda, Zambia
Dangote Group	Manufacturing (Industrial, Food & Beverages)	12	Cameroun, Cote D'Ivoire, Congo, Ethiopia, Ghana, Liberia, Nigeria, Senegal, Sierra Leone, South Africa, Tanzania, Zambia,
GTBank	Services (Banking)	10	Cote D'Ivoire, Gambia, Ghana, Kenya, Liberia, Nigeria, Rwanda, Sierra Leone, Tanzania, Uganda
Globacom	Telecommunications	5	Benin, Cote d'Ivoire, Ghana, Nigeria, The Gambia
Interswitch	Tech Ecosystem (Digital payments and Commerce)	3	Kenya, Nigeria, Uganda
Paga	FinTech	2	Ethiopia, Nigeria

Potential winners and losers from COVID-19





Investment promotion efforts



- An easy-to-use online investment guide that provides investors with up-to-date and pertinent information on the processes, procedures and basic costs of doing business in Nigeria
- It provides information on **starting business, labour, production factors, land, taxes, investor rights, growth sectors and opportunities**
- The information will enable investors to make better informed decisions on Nigeria as a preferred investment destination
- Available at:
 - www.theiguides.org/nigeria
 - www.nipc.gov.ng

Selection of investment incentives in Nigeria



Pioneer status incentive

- For companies in industries recognised as “pioneer”
- Allows a company income tax holiday for 3-5 years
- Dividends also exempt from tax

Deduction for research and development

- For companies undertaking R&D activities for commercialization
- Allows 20% investment tax credit on qualifying expenditures

Rural investment allowance

- For companies >20km from government facilities who incur capex for providing electricity, water, tarred roads, etc for the purpose of a trade or business
- Allowance rates:
 - 100%: no facilities, 50%: no electricity, 30%: no water, 15%: no tarred road

Investment tax relief

- Similar to rural investment allowance, but only available for 3 years max for companies who have not enjoyed pioneer status

Export expansion grant

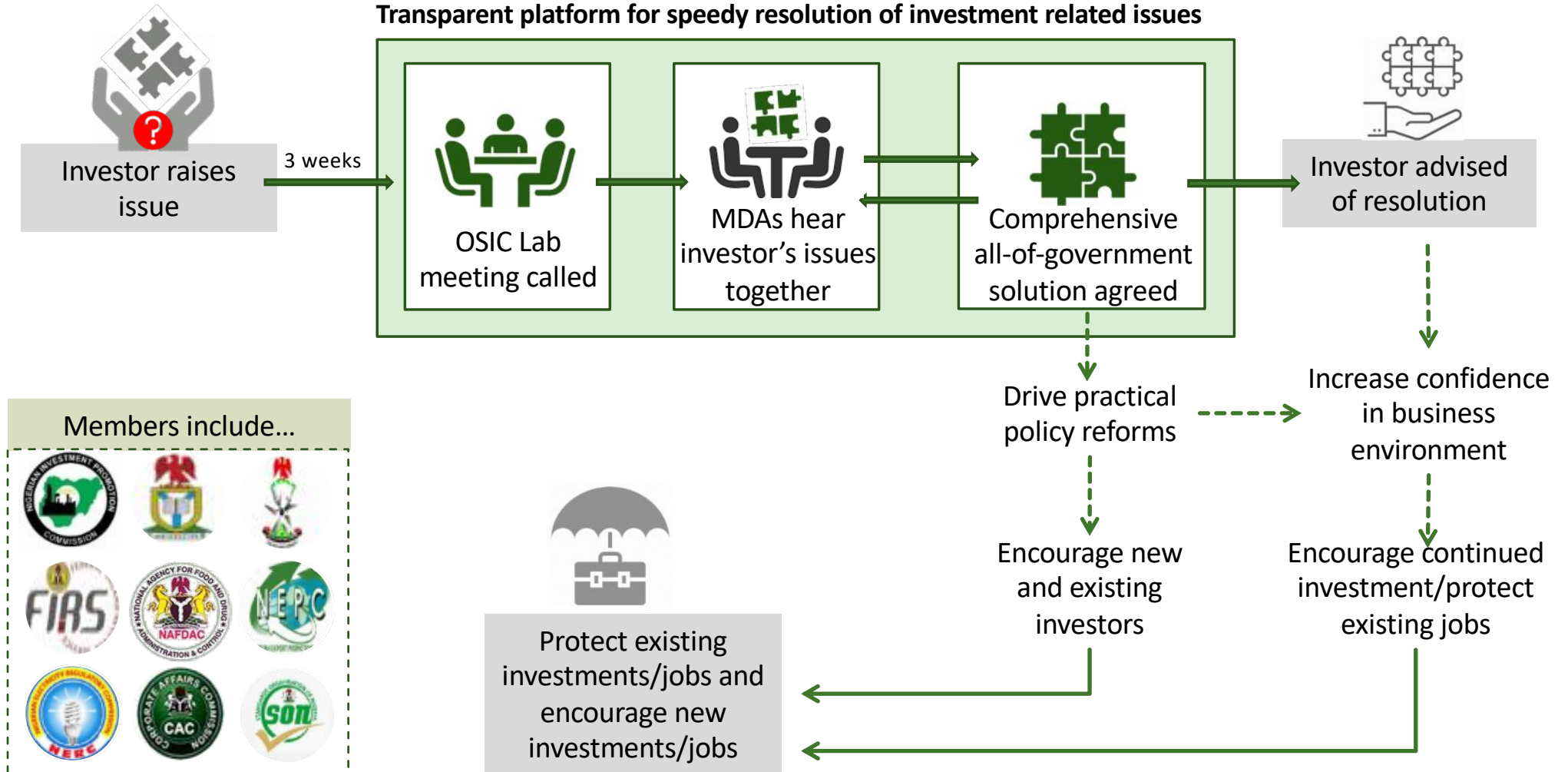
- Post-shipment incentive for non-oil exports
- Qualifying exports must fully repatriate proceeds within 300 days

Export processing zones incentives

- 100% capital allowance
- Rent-free land during construction
- Full holiday from federal, state and local government taxes

Currently in pilot phase

Transparent platform for speedy resolution of investment related issues



What NIPC can do for investors



- Assist investors to navigate challenges in investing in Nigeria
- Assist with connecting prospective foreign investors with domestic partners
- Facilitate discussions with government agencies and policy makers
- Assist investors with quality information to help them implement their investment plans in Nigeria
- Facilitate investor input into the policy making process
- OSIC Lab provides a platform for resolving challenges faced by investors
- Work behind the scenes; easier for policy makers and regulators to change positions if persuaded privately, not confronted in public
 - This allows us to achieve the desired objective without compromising their independence
 - However, we cannot compel any government agency to do what we advice
 - The arguments we make need to be carefully thought through and driven by facts and data

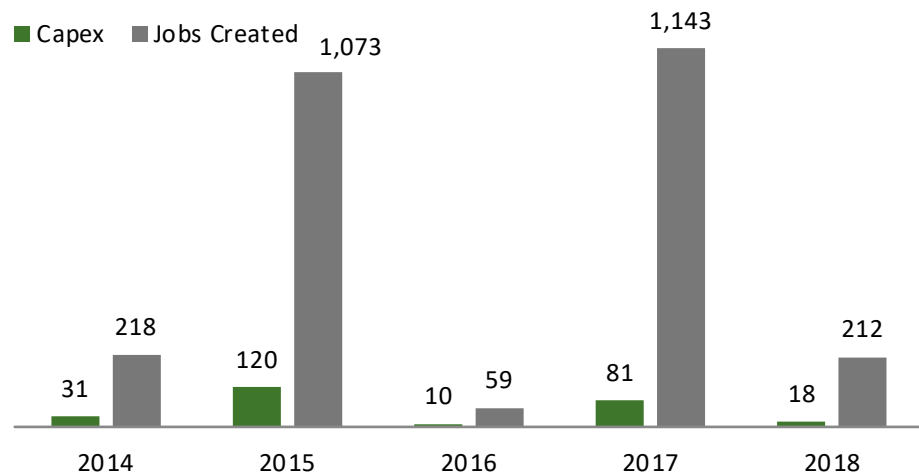


Nigeria-Japan relations

Japan: Nigeria investment interests, 2014-2018

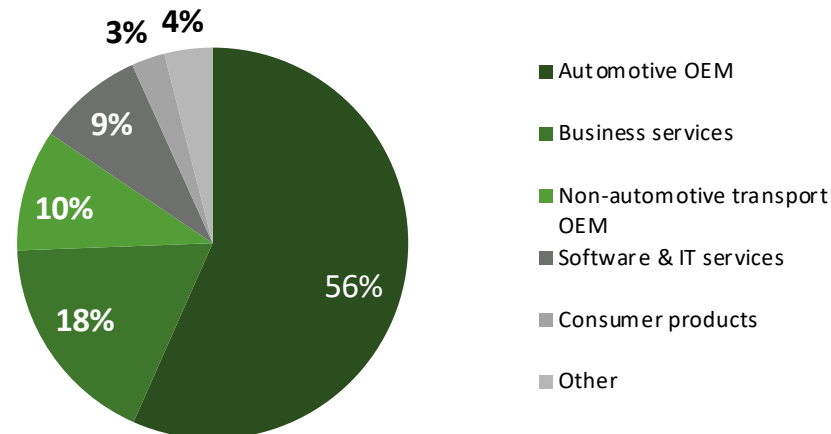


Investments by capex (\$'m) & jobs



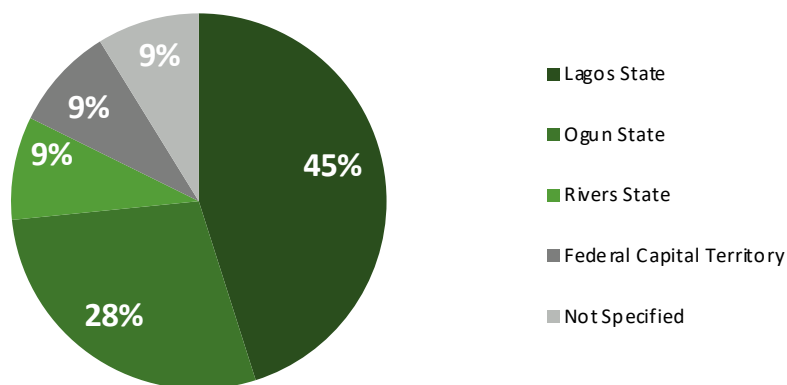
Top investment interests by sector

\$261 m



Investment destinations

\$261 m



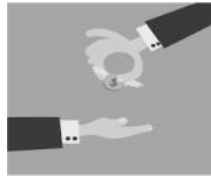
Top investment interests

	Projects	Capex (\$'m)	Employees
1 CFAO Group	1	73.9	1,007
2 Honda Automobile Western Africa	1	73.9	1,007
3 SHUK	2	46.4	66
4 Yamaha Motor	1	26.2	200
5 NEC XON	1	17.8	212
6 Miniso	1	7.2	136
7 Canon	1	5.7	34
8 Trend Micro	1	5.2	18
9 Sony Music Entertainment	1	4.7	25

Why Japan?



#2
global investor



Top 10
investor in services



Top 10
investor in solid
minerals



#7
investor in Africa



Nigeria's top 20
import partner



#5
investor in oil
refining



#5
investor in Nigeria



Nigeria's top 20
export partner



#5
investor in real
estate



Success stories



Panasonic



HITACHI



SUNTORY



Canon



Marubeni



NEC

powerturbines

ASB



YOKOGAWA 



About NIPC

NIPC's principal functions



NIPC was established by the NIPC Act* in 1995 to **encourage, promote and co-ordinate** investments in Nigeria

Project Attractive Investment Image

- Promote Nigeria as an attractive investment destination
- Provide information on investment opportunities and capital sources

Investment Promotion

- Promote investments in Nigeria, by Nigerians and non-Nigerians
- Co-ordinate all investment promotion activities in Nigeria

Investment Facilitation

- Provide support services to investors and register enterprises in Nigeria
- Match-make investors with specific projects and advise on partners for JVs
- Provide information on investment incentives and approve Pioneer Status Incentive applications

Policy Advocacy

- Initiate and support measures that enhance the investment climate
- Evaluate the impact of investments and incentives in Nigeria and make appropriate recommendations
- Advise Government on policy matters to promote Nigeria's economic development

Investor Obligation and Protections in the NIPC Act



Registration Obligation

- Enterprises in which foreigners can participate are required to register with NIPC before commencing business

Ownership

- Nigerians and foreigners can invest in any sector, except for those on the negative list
- No restriction on foreign percentage ownership

Guarantees

- Government will not nationalize or expropriate any enterprise
- Right of access to courts and fair and adequate compensation if acquisition is in national interest/for public purpose
- No restriction on repatriation by foreigners of investment returns or sale proceeds through an authorized dealer

Dispute Resolution

- Amicable resolution by mutual discussion or arbitration of investor/government disputes
- Provisions of any Bilateral Treaty with the investor's country will apply
- Right of recourse to international arbitration under ICSID Rules

For further details, please
contact us



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Mohammed Baba
Deputy Director, Investor Relations

Plot 1181 Aguiyi Ironsi Street
Maitama District
Abuja

Subscribe to the NIPC Newsletter

<http://eepurl.com/dkvoU1>

Investment information

www.theiguides.org/nigeria

infodesk@nipc.gov.ng
osicinfodesk@nipc.gov.ng

www.nipc.gov.ng