

Nigeria Economic & Political Landscapes

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General Overview

- With a population of around 182 million people, Nigeria is the most populous country in Africa, accounting for 47% of West Africa's population; and is Africa's largest economy, with 2015 GDP estimated at US \$487 billion.
- The Nigerian economy remains characterised by polarised wealth; extreme economic inequality between the North and the South; poor infrastructure; a fragile business environment combined with high population growth. The UN predicts that the population will reach over **400m** by 2050, overtaking the US as the world's third most populated country.
- With its enormous natural resources – Nigeria has the world's 10th largest proven oil reserves and 9th largest proven gas reserves. This combined with a large population and a growing middle class, economic potential is considerable. In a developing DIT dataset, Nigeria ranks 74th most promising of 109 markets today, but 4th most potential looking at opportunities over the next 5-10 years.

Trade & Investment Opportunities

1. Real Estate

- ❑ Eko Atlantic – Gateway to Sub-Sahara Africa
- ❑ **Grade A Complex** – There is investment opportunities to built purpose built office buildings in Eko Atlantic to accommodate international and multinational companies aiming to use Lagos as their Africa hub to service sub-Sahara Africa.
- ❑ **World Class Hotels** – Demand for high quality hotel rooms are high. There are no 5 Stars hotels and it is estimated shortage of quality hotel rooms in Nigeria could be as high as 500,000
- ❑ **Logistic Centres** – Nigeria has the largest sea port in West Africa providing freight services to other neighboring countries. However, there are no purpose built logistic centres or dry docks to warehouse bulk goods.
- ❑ **Retail Parks** - Nigeria with a population of 182 million with a growing middle class. Ultra modern shopping center will be a hit in cities like Lagos, Abuja, Ibadan and Port-Harcourt

Eko Atlantic Project: Video Demo



Eko Atlantic Project: Design Concept



Trade & Investment Opportunities

2. Financial Services

- ❑ Investment opportunities for Private Equity firms to invest in several growth sectors such as the film industry, mobile banking, construction and mining.
- ❑ Significant opportunities for Global custodian to take advantage of highly educated workforce and establish a footprints to support Institutional and sophisticated investors keen to invest in Nigeria economy.
- ❑ Fintech – Luxembourg is a recognized financial centre and has positioned itself as a world leader in digital financial services and financial technology. There is huge opportunities for Luxembourg fintech companies to play a pivotal role in assisting Nigeria Financial Institutions in its quest for digitalization.
 - Mobile Banking Applications – Electronic Payment [B2B, B2C, C2C]
 - Enhancement & Digitalization of Nigerian Stock Exchange.

Trade & Investment Opportunities

3. Agriculture

For a country with vast arable lands, Nigeria imports about \$3 to \$5 billion worth of food annually, especially wheat, rice, fish and sundry items, including fresh fruits. As a result, Nigeria is not food secure. Wastage levels remain high in production areas, reducing supply of feedstock to processing factories, requiring them to keep importing supplies. The net effect is limited job growth across the agricultural value chain from input production to market systems, and continued use of limited foreign currency earnings to import vast quantities of food.

Nigeria's agriculture sector continues to have poor access to financial services that enable farmers and other agricultural producers to adopt new technologies, improve market linkages, and increase their resilience to economic shocks. Poor access to financial services that enable input suppliers, processors, traders and others in agribusiness to address liquidity and encourage targeted private sector engagement in agriculture remains a challenge.

Trade & Investment Opportunities

3. Agriculture continue

□ General incentives

- ✓ A debit-conversion programme allows foreign companies to obtain an enhanced exchange rate when they are injecting new equity into a production project that has been approved by the Central Bank of Nigeria (CBN).
- ✓ Small and medium-scale industries are eligible for loans from the Bank of industry and other development banks.
- ✓ The Raw Materials Research and Development Council provides grants for research and development that leads to the greater use of Nigerian raw materials in domestic industry.

□ Industry-specific incentives

- ✓ Agro-industrial ventures benefit from a five-year tax holiday, an agricultural credit scheme guaranteed by the CBN, subsidised fertilisers and zero import duties on raw materials used to make livestock feed.

Risks of Doing Business in Nigeria

1. Bribery & Corruption
2. Enforcing Contracts
3. Protecting Minority Investors
4. Repatriation of Funds
5. Political Risk

Doing Business in Nigeria: Key Indicators

Getting Credits	Nigeria	Sub Sahara	OECD
Strength of legal rights index (0-12)*	7.0	5.0	6.0
Depth of credit information index (0-8)**	6.0	2.5	6.5
Credit registry coverage (% of adults)***	0.1	6.9	12.1
Credit bureau coverage (% of adults)	7.7	7.6	67.1

Enforcing Contracts	Nigeria	Sub Sahara	OECD
Time ¹ (days)	447.0	655.2	553.0
Costs (% of debt value)	62.0	44.3	21.3
Quality of Judicial Processes (0-18)	8.0	6.4	11.0

Protecting Minority Investors	Nigeria	Sub Sahara	OECD
Strength of MI Protection Index (0-10)	6.5	4.3	6.5
Extent of Col regulation Index (0-10)	7.0	4.8	6.3
Extent of Shareholders governance Index (0-10)	6.0	3.8	6.6

Dealing with Contruction Permits	Nigeria	Sub Sahara	OECD
Procedures (numbers)	17.0	14.5	12.1
Time ² (days)	116.0	155.6	152.1
Cost (% of warehouse value)	30.0	7.6	1.6
Building quality control index (0-15)	6.5	7.2	11.3

Key Indicators (continue)

Notes	
Legal rights index*	This index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending
Credit info index**	This index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau.
Registry coverage***	This indicator reports the number of individuals and firms listed in a public credit registry with information on their borrowing history from the past 5 years
credit bureau coverage****	This indicator reports the number of individuals and firms listed by a private credit bureau with information on their borrowing history from the past 5 years
Time¹	The time to resolve a dispute, counted from the moment the plaintiff files the lawsuit in court until payment. This includes both the days when actions take place and the waiting periods between.
Time²	The total number of days required to build a warehouse. The measure captures the median duration that local experts indicate is necessary to complete a procedure in practice
CoI Index	This index is the average of the extent of disclosure index, the extent of director liability index, and the ease of shareholder suits index.
S'holders Gov Index	This index is the average of the extent of shareholder rights index, the strength of governance structure index, and the extent of corporate transparency index.

Key Counter Measures

1. Political Stability

Nigeria is one of the most democratic nations in Sub Sahara Africa. With a stable democratic process began in 1999 when the Military regime transferred power to a democratic elected party. Since then Nigeria has had five elections and transfer of powers between political parties without bloodshed.

2015 has been a momentous year for Nigeria, with the national election bringing about the first democratic transition of power in the country's history. President Muhammadu Buhari's 'All Progressives Congress' (APC) coalition won the election with 54% of the vote, beating previously incumbent President Goodluck Jonathan's 'People's Democratic Party' (PDP) by 2.5 million votes.

President Buhari's election campaign centred on **anti-corruption and reform**. Since his inauguration corruption is on downward slope though the country still has a long way to go in eradicating.

Key Counter Measures

2. Government Fight against corruption

The current administration under President Buhari has made fighting corruption his top priority. The Establishment Acts mandates the EFCC (Economic & Financial Crime Commission) to combat financial and economic crimes. The Commission is empowered to prevent, investigate, prosecute and penalise economic and financial crimes and is charged with the responsibility of enforcing the provisions of other laws and regulations relating to economic and financial crimes, including:

- Economic and Financial Crimes Commission Establishment act (2004)
- The Money Laundering Act 1995
- The Money Laundering (Prohibition) act 2004
- The Advance Fee Fraud and Other Fraud Related Offences Act 1995
- The Failed Banks (Recovery of Debts) and Financial Malpractices in Banks Act 1994
- The Banks and other Financial Institutions Act 1991; and
- Miscellaneous Offences Act

Key Counter Measures

3. Economic Reform under current administration

Useful Links

1. <http://www.ekoatlantic.com/>
2. <http://www.doingbusiness.org/data/exploreeconomies/nigeria>
3. <https://efccnigeria.org/efcc/>
4. <https://www.cbn.gov.ng/>
5. <http://nigeriabrusseles.eu/nigeria-luxembourg/>



