Africa’s largest economy and major energy producer, Nigeria is continuing to pursue a diversification agenda away from oil and gas and grow a more sustainable economic model while undergoing a massive socioeconomic transformation. Since 2000, the economy has grown at an average rate of 5% year-on-year, and a staggering $9 billion came into the country in the form of FDI last year.

There are many challenges in Nigeria, not the least being that it is poorly ranked as a place to do business, but it is now working with the Organisation for Economic Co-operation and Development to improve the investment climate, which will go a long way to improve things. As Minister of Trade and Investment Olusegun Aganga says: “We are taking this very seriously and removing the bottlenecks. I’m sure we will do it quicker than most people expect us to.”

With a strong domestic and regional market to tap into, raw materials in abundance, and the highest return on investment of any African country, Nigeria already has immense competitive advantages. What it lacks, however, is capital and technological know-how. Minister Aganga summarizes the immense opportunities and the measures being undertaken to close the skills and funding gaps: “In agriculture we have 84 million hectares of land, only 40% of which is cultivated and where almost anything can grow,” he says. “We are the top producer in eight commodities in the world today, second in three commodities, and third in eight commodities.

“We have reserves of 34 solid minerals in commercial quantities. When we look at oil and gas, we are one of the top oil and gas producers in the world. We have the raw materials, and the market is definitely there. We have roughly 170 million people, a population which continues growing at 3% per annum. Nigeria is going to be the third-biggest nation in the world by 2050; we have a young population and a strong, growing middle class. We also have an amazing return on investment of 35.5%.

“We have a new power policy, which is encouraging investment. We have just organized a grand industrialization plan, which we have never had before, which focuses on our competitive and comparative advantages. We are putting policies in place that encourage investment, growth, and development.”

The Nigeria Customs Service revealed that the country spent a yearly average of around N30 billion on the importing of sugar over the last decade, so a road map for change has been developed. As well as stemming the tide of importation, the Sugar Master Plan, introduced in 2012, will raise the local production of sugar to attain self-sufficiency, create huge numbers of jobs, and contribute to the production of ethanol and electricity generation.

“We also passed the Automotive Policy, which allows foreign firms to build cars here,” says Aganga. “A week after the announcement, Nissan said it was coming to Nigeria and that its first car would be produced in the country by April 2014.”

Much is also being done in terms of entrepreneur development, Aganga explains: “We now have SME councils in every state. The
local agencies will help the SMEs to write creative and very compelling business plans, which will then work with the BOI (Bank of Industry) and the commercial banks to fund these plans.”

As part of the government’s agricultural revamp, Minister of Agriculture and Rural Development Akinwumi Ayo Adesina explains how the first step was to convince people that oil is not the future of the country.

“Agriculture is not a way of life, it is a business, a business where millions of farmers can make a lot of money if done properly,” he says. “Before, we were using agriculture as a way of managing rural poverty.

Our target, however, is to add to the domestic food supply 20 million metric tons of food over a four-year period and create 4.5 million jobs through agriculture. Our plan is very investment-focused—all parts of the agricultural value chain need significant investment, from seed to transport to manufacturing and so on. Government is going to enable the private sector to take advantage of the opportunities in the agricultural sector.”

Part of that meant taking the government out of buying and selling the land, and creating reforms in fertilizer production, industry, and financing. “Letting the private sector dominate the space has been crucial,” Adesina says, adding that huge opportunities lie in rice, horticulture, and oil palm plantations.

“Nigeria has the highest growth rate of rice consumption in all of Africa, due to our population, which is increasing every year,” he says. “The return on investment is huge, but also because of the rate of urbanization and the growth of the middle class.”

**A Sweet Investment**

As mentioned earlier, sugar also offers huge potential, with the National Sugar Development Council (NSDC) now working to enhance local production of sugar to ensure that Nigeria achieves at least 70% self-sufficiency in sugar requirements as soon as possible.

The Nigerian Sugar Master Plan, a road map for growth presented by the NSDC, has estimated that Nigeria’s demand for sugar would reach 1.8 million metric tons by 2020. The bulk of this investment capital will need to come from private investors, explains Latif D. Busari, executive secretary and CEO of the NSDC.

“Adding value to our primary product will also assist in diversifying our economy and help us conserve scarce foreign exchange.

As with many agribusinesses, sugar production is a veritable tool for direct and indirect job creation in the thousands, across the entire value chain of cane production, industrial manufacture of sugar and ethanol, and electricity generation.”

Busari’s message to investors is simple: “If you are able to come here and produce sugar, your investment will be protected and you are assured of the market. Right now we are consuming around 1.2 million metric tons, but by 2020 we project we will...”
need about 1.8 to 2 million metric tons of sugar annually. So the plan now is to achieve 100% self-sufficiency in 10 years’ time. To do that, we need to bring into cultivation about 250,000 hectares of land and establish 28 factories of varying capacities.

“We also estimated that, using the average cost of similar projects in Africa, it would cost about $3.1 billion for the implementation of the entire plan and we would need to employ over 114,000 people to produce that amount of sugar.”

Driving Full Speed Ahead
In 2012, Nigeria imported vehicles to the tune of $4.2 billion—and, with demand for cars growing at an average of 10% per year, it will continue to import in the short term. The decision to indigenize manufacturing in Nigeria, through the national automotive policy, is therefore a golden opportunity.

The new government policy is attracting companies to set up plants in Nigeria, importing the parts and assembling them locally while gradually moving to making the parts in Nigeria. Local suppliers create jobs, and the local governments are ready to join with technical partners.

The government expects to create more than 100,000 jobs with the awakening of this industry, and the goal is to make Nigeria the auto manufacturer for West and Central Africa, where the market possibilities are immense. Aminu Jalal, director-general of the National Automotive Council, takes up the story: “In the ‘60s the industry contributed 6.5% to the GDP, 8.5% by 1990, and it is only 4.5% today. We expect it to reach 10% by 2017. We will now gradually start to make some of the parts locally. We want to make the component parts where technical know-how is needed, not just in an assembly line, because that is where the jobs are. Local suppliers create jobs to support the economy even further. It’s a known model.

“There are currently 12 assembly plants. The administrative policies of the ‘80s and ‘90s killed the industry, but it’s coming back. At the Lagos Business School, one of the students last year did a study on affordability looking at how many Nigerians would be able to buy a new vehicle costing $30,000 if financed for three to four years, if they can take 30% of their salary to pay off their loan. He found that there are 1 million Nigerians who would be able to finance this vehicle. That is 1 million potential consumers.”

NIGERIA’S SWEET INVESTMENT DREAMS
Nigeria has released a strategic road map that will transform its sugar industry to become a major player in global sugar production. Several new factories will be established and cane farmers supported through credit lines, translating into thousands of job opportunities. The Nigerian Sugar Master Plan is a unique mix of policies, strategies and incentives with a robust monitoring framework designed to attract and protect new sugar investments and help achieve self-sufficiency with surplus to export.

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Local Expertise

Nigeria is embracing innovation to improve all facets of its socioeconomic landscape.

With the average Nigerian man living to age 53 and woman 54, the healthcare sector has plenty of room for improvement. Government spending was only 6% of the budget in 2013, but indicators show improvements are being made, in particular in child and maternal mortality rates, child malaria, and incidences of HIV among pregnant women. There is a huge shortage of doctors—only 25,000 to care for almost 170 million people. That’s one doctor for every 6,400 patients; this falls far short of the World Health Organization standard of one doctor to every 600 patients.

Yet despite the challenges, Minister of Health Onyebuchi Chukwu explains that a prescription in the form of the National Strategic Health Development Plan (NSHDP) issued in 2010 will drastically improve the health of the nation. “Our commitment as a government has grown in terms of providing primary care and family planning strategies,” he says. This year President Goodluck Jonathan elevated the budget to $1.7 billion, but there is still a major lack of funding in the sector. In just two years, we have doubled the number of women who use contraceptives and as time goes on it will get better.

The manufacturing of medicines has huge potential, Minister Chukwu says: “Obviously the country has such a huge market, and if we had companies producing drugs here, it would help a lot.”

Biostadt, meanwhile, a diversified company that includes agriculture, pharmaceutical, medical engineering, and diagnostic development, is ultimately aimed at fighting hunger and malnutrition in Nigeria, according to CEO Prince Emma Ajayi: “All our policies and business orientations are geared toward fulfilling that mission. We are therefore going to ensure timely availability of food for our farmers, when they want it, where they want it, and how they want it. Food security is one of the key problems that our country has faced over the years. “Secondly, we are going to bridge the knowledge gaps of our farmers by training and retraining. We have over the years discovered that the farmers are not able to easily acclimatize with the technological development in agriculture, so we are going to address that issue vigorously through support, advisory services, and user educational programs at a formal level.

“Thirdly, we are going to bring technology and solutions to the doorsteps of our farmers. We want to play in the league of international organizations; therefore, the technology and solutions that we are going to bring are not just indigenous or limited to Nigerian law. We will bring in foreign best practices. This enormous population needs to be fed and I believe that people like us need to lay the right foundation toward achieving self-sufficiency and food security in this country. This is why we are very involved in President Goodluck’s transformation agenda. We are really not just here to make money but to steer the nation forward and to deliver value.

“Nigeria is a giant that has woken up. All our doors are open to friends that are ready to invest in this country. Today, most economies are flatlining. Nigeria’s economy is growing and will keep on growing beyond people’s imagination.”

Making important strides in financial services and SME development, Heritage Bank, which took over the license of the failed Société Générale Bank of Nigeria from the Central Bank of Nigeria two years ago, has installed new board committees, corporate governance structures, and other operations to regain market confidence. “Given that the bank grew out of an organization that had been dead for a number of years, we needed to ensure the people that what has happened before doesn’t reflect on the new image of the bank and that all the necessary lessons have been learned,” says managing director and CEO Ifie Sekibo. “It took a while before the market gave us corporate acceptance. We are very glad to have gained the confidence now and that we are able to move forward. A key change was the recruitment of the best in class in all areas of the bank and the ability to invest in training and branding.

“Our objective is to be the best knowledge-driven organization, with the best technology, and showing the customer that service is what will
make this possible."

**Powering Ahead**

Nigeria might have been plagued by power outages and unreliable supply, but the government is also working hard to modify this. The power industry is now 95% privatized, which has brought both improvements and challenges.

As Minister of Power, Professor Chinedu Nebo explains: "It isn’t easy to move from a vertical government that dominated and controlled the electricity market to a privatized one. We haven’t really traveled that road before, so the challenges we had were many. In addition to setting up international power providers (IPPs), we also need to drastically expand our transmission infrastructure. We are going to be consuming tons upon tons of materials and technical parts, so at the end of the day, we are talking of billions of dollars’ worth of investment in order to make our capacity to transmit electricity match the generation capacity. We’ll also need thousands of kilometers of lines to make sure the distribution network can expand. Once the transmission lines go through, the distribution companies will bring electricity to areas that were not connected before. We want to go from 4,000 MW to over 8,000 MW before the end of the year. That will go a long way to fill the gap and take care of the incredible demand of our people for electricity, and I think we are going to accomplish that."

Integrated Resources Ltd. is an indigenous company that has been in operation for more than 10 years. It has been active in petroleum products trading, marketing, and distribution, but its major focus is on power generation and distribution. CEO Durosola Omogbenigun says, "Integrated Resources would like to always position itself as a preferred partner going into the power sector and the oil and gas industry. We have a wide repertoire of skills that we can bring to the table. We have excellent local-market knowledge and would like to be one of the indigenous Nigerian companies that international investors call upon as a local partner."

Local firms are lining up to play their part in the new power landscape. Damagix, the largest indigenous oil and gas pipeline supplier, is in the process of building a $340 million manufacturing facility and $68 million pipe threading facility that will support its tremendous growth. The firm, which had a turnover of $170 million last year, is also in discussions with the government for a $5 billion pipeline project. "I never expected the company to grow this quickly," says Chairman and CEO Dahiru Mohammed.

Meanwhile, renowned for its importation of massive volumes of petroleum products into Nigeria, and with a sizable fleet of motorized tanker trucks and strategic positioning of retail outlets, Nepal Oil & Gas Services Ltd. have excelled in effective distribution of petroleum products to meet the ever rising demand of the Nigerian market. Group Managing Director Ngozi Ekeoma is very proud of her corporate governance and the social responsibility of the company: "I believe in integrity, honesty, and a clear focus. In every business venture I enter into, I am looking to create employment and give back to the Nigerian society."

Incorporated in 1993, Amni International Petroleum Development Co. Ltd. is a highly successful, independent, indigenous oil and gas exploration and production (E&P) company currently committed to buying more marginal oilfields. The divestment of oil blocks by companies such as Shell and Chevron is a big opportunity for Amni.

"We have always been a local content company, so we support the new law that will get more local people on board," says Managing Direc-
Customizing Change
Finally, working to international best practices, Nigeria Customs Service (NCS) is also playing a key role in President Jonathan’s transformation agenda. Having seen its responsibilities expand from traditional enforcement agency to that of a business partner, NCS contributes to the economy by providing revenue collections, economic competitiveness, supply chain security, enforcement, capacity building, and research. NSC strives to be a reference model administration with excellence in providing effective and efficient service to accomplish all dimensions of its mission. At the helm is Comptroller-General Abdullahi Dikko, a man who has managed to increase the agency’s profitability fourfold since he took up the post. He told Global Business what has contributed to this success, and where he plans to take the agency in the future: “For any organization to be stronger, the most important thing is capacity building. When I started, we had to go back to the classroom, me included, and retrain. NCS had had the same personnel for almost 20 years; its knowledge base was outdated, so I had to go and recruit young blood—almost 10,000 men and women between the age of 20 and 27 years old. We then focused on hiring people with a strong background in IT.” The decision to innovate led to the development of the Nigeria Trade Hub (NTH), a one-stop information portal to help importers and exporters do business in Nigeria with minimum red tape, which has revolutionized the trading platform.

“All our communication—both internal and external—is now done via Trade Hub,” Dikko says proudly. “We have a direct chat line, where you can ask questions in real time with one of our staff. An order used to take around five days to process; now it takes 58 minutes, and that will come down to 18 sooner or later. The new staff is doing an amazing job. I just hope that by the time I retire, the legacy will live on and the development will continue.”

The newer, robust procedures have done much to stamp out corruption, and the traders are enjoying the new efficient standards. The NTH provides information about all the Nigerian regulatory agencies, their contact details, processes, documents, fees, and processing times that an importer or exporter will need to obtain the necessary import permits and certificates required to ensure compliance. It also provides contact details of organizations linked with trade in Nigeria. The NTH features a searchable document library providing all the necessary downloadable documents relevant to trade in Nigeria, from official publications to legal information, regulatory documents, and customs procedures.

In the 100 or so years since the Nigeria Customs Service was set up, this is one of the most important developments in its history. Tools include the HS Code Classification Tool, an intuitive device that assists the importer with the correct classification of their products for both import and export.

Once the correct HS Code for an importation product is obtained, the tool provides the necessary regulatory information about the product. For export products, after the exporter selects the country of export, the exportation country’s market access information is generated, including the relevant HS Code and the rates of duty it will attract upon entry.

“The government’s transformation is like a wind blowing through and moving everyone forward,” says Dikko. “We understand we need to employ people who are business-oriented. The major challenges at the moment are funding and bureaucracy.

“However, we are in the middle of the market; people are ready to listen to us and they are ready to key into our new system. In the first three months of operation, the Trade Hub had more than 40,000 hits and was visited by more than 100 countries.

“It is a two-way platform; we have one-to-one discussions with clients and take any suggestions on board to continue improving.”

Providing solutions in both the downstream and upstream sectors of oil, gas and power

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