

# NIGERIAN INVESTMENT PROMOTION COMMISSION



- PRESENTATION AT AFRICA NIMPORT EXPO AND CONFERENCE

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LAGOS | 27 AUGUST 2019

Private and Confidential

# What investors tell us

## Investor feedback (no particular order)



“corruption: you can’t get anything done without paying a bribe”

“government is anti-big business”

“harassment of existing investors”

“poor private sector engagement in policy formulation”

“painful, long, unpredictable government approval process”

“government policy flip flop, changing rules without notice”

“meeting with senior government officials cancelled after investor’s arrival”

“everything is smuggled in; borders are too porous, so tariff measures never work”

“difficult operating conditions: erratic power, bad roads, poor public utilities”

“multiple taxes by federal and state agents”

“lack of skilled labour, poor work ethic”

“announced tariffs not enforced”

“corrupt judiciary; too many sacred cows”

“road to Apapa port is getting worse; cost to business is in billions per day”

“insufficient investment incentives”

“difficulty with getting visas”

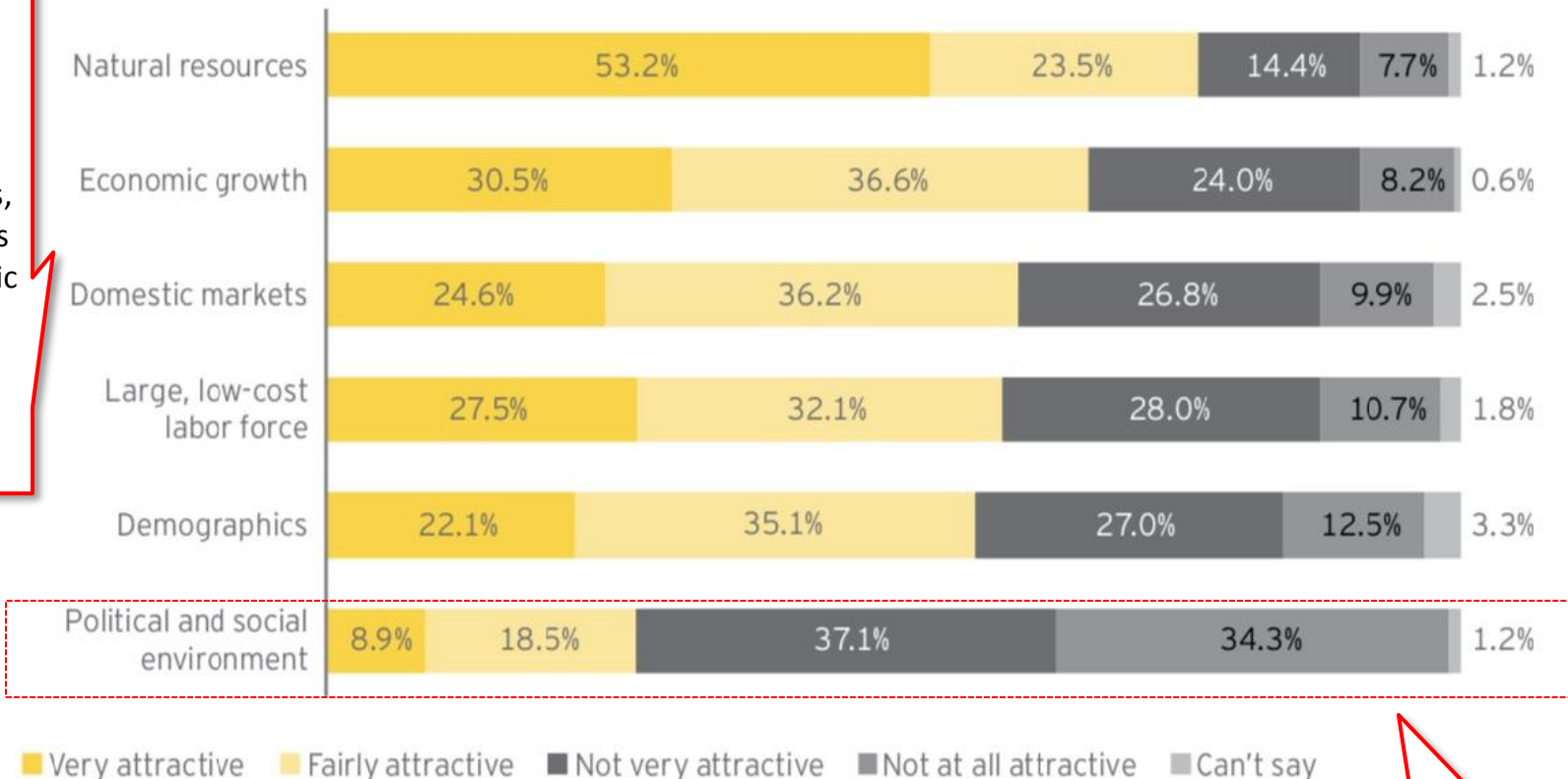
“access to capital”

“high cost of doing business”

# Africa's investment attractiveness



Biggest draws:  
natural resources,  
high growth rates  
and large domestic  
markets...



...yet concerns about business environment persist

# 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

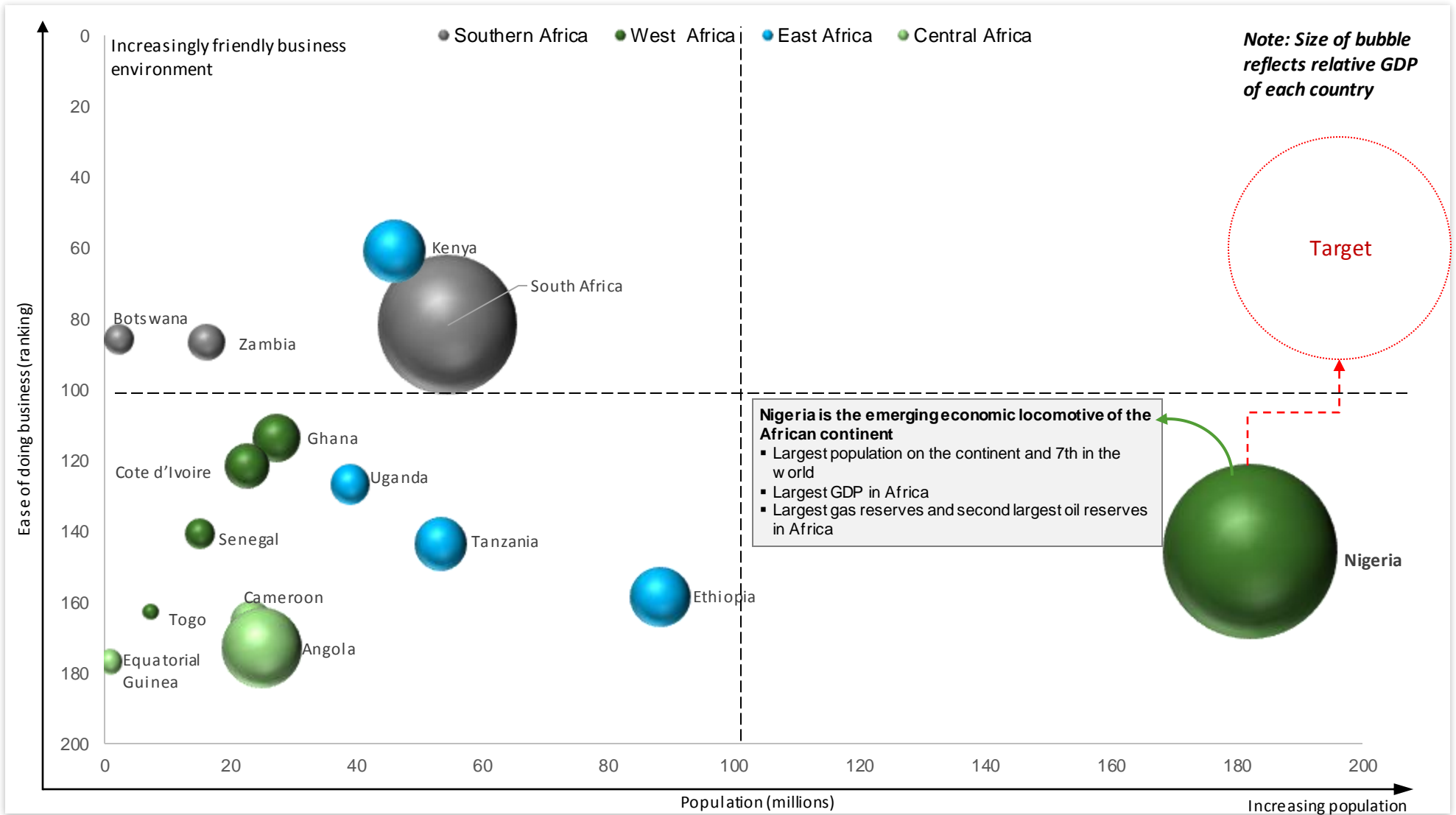


Poor basic infrastructure



... incentives are least important barrier

# Nigeria: a strategic market, undergoing dynamic changes and transformation



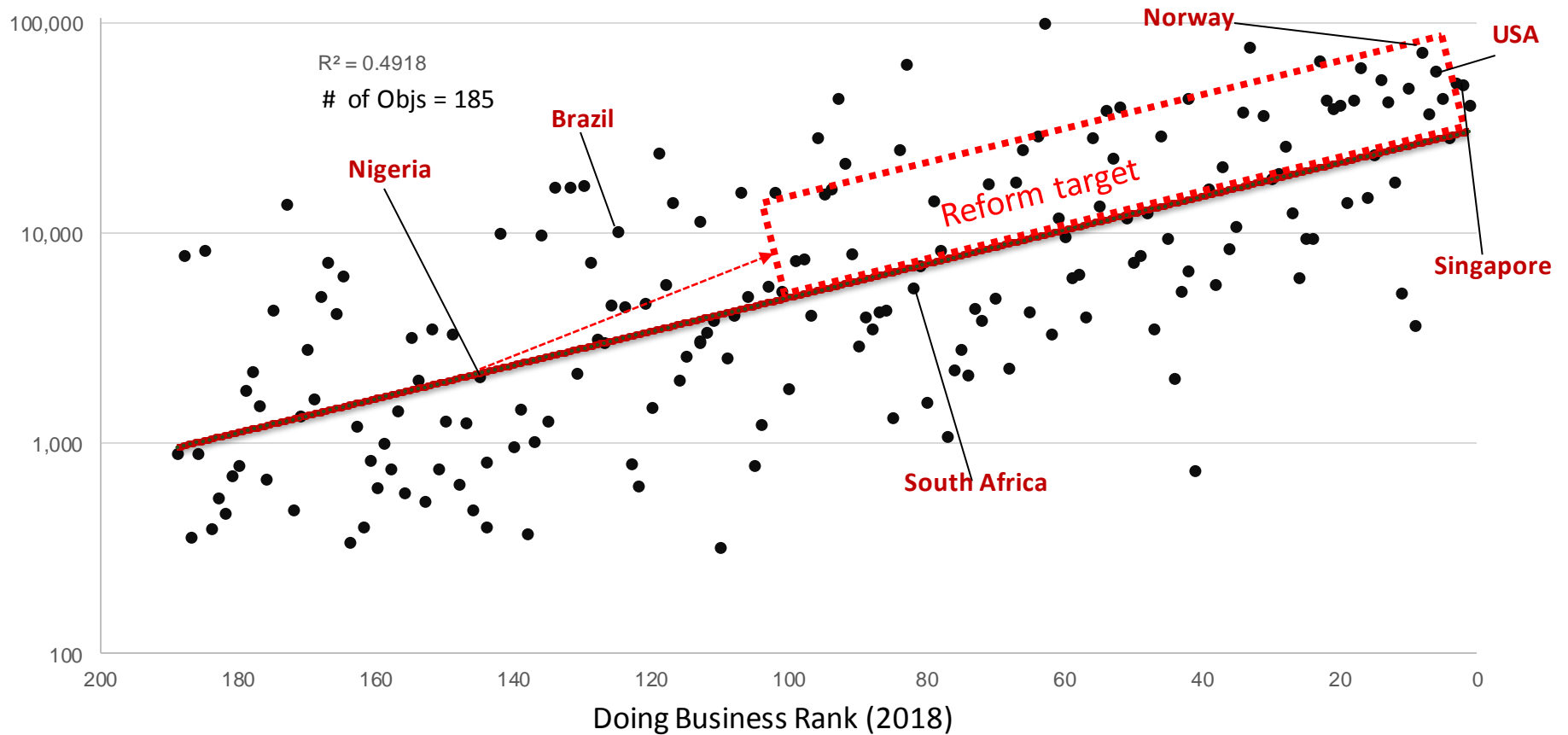
**Nigeria's business  
environment  
improvement  
efforts**

# Business case for improving business operating conditions



## Strong correlation between economic prosperity and ease of doing business

Income Per Capita (log scale) USD per person per year





# In Nigeria, highest level commitment to ease of doing business reforms



President Muhammadu Buhari, GCFR



Vice President Yemi Osinbajo SAN, GCON

## Presidential Enabling Business Environment Council (PEBEC) inaugurated in July 2016



Remove critical bottlenecks and bureaucratic constraints to doing business in Nigeria



Sub-100 position in World Bank's 2020 Ease of Doing Business ranking

Latest initiative



Launch

No of announced reforms

No of initiatives

Participating agencies

Success rate

Latest initiative	Launch	No of announced reforms	No of initiatives	Participating agencies	Success rate
NAP 1.0	February 2017	8	22	12	72%
EO 1	May 2017	transparency and improving the business environment			
NAP 2.0	October 2017	11	22	29	52%
NAP 3.0	February 2018	9	28	26	68%
NAP 4.0	March 2019	deepen reforms and drive sustainability and institutionalization			

NAP: National Action Plan, EO: Executive Order

# 2019 Ease of Doing Business ranking: Nigeria (146/190)



## Nigeria's ease of doing business score improved by 1.37 points

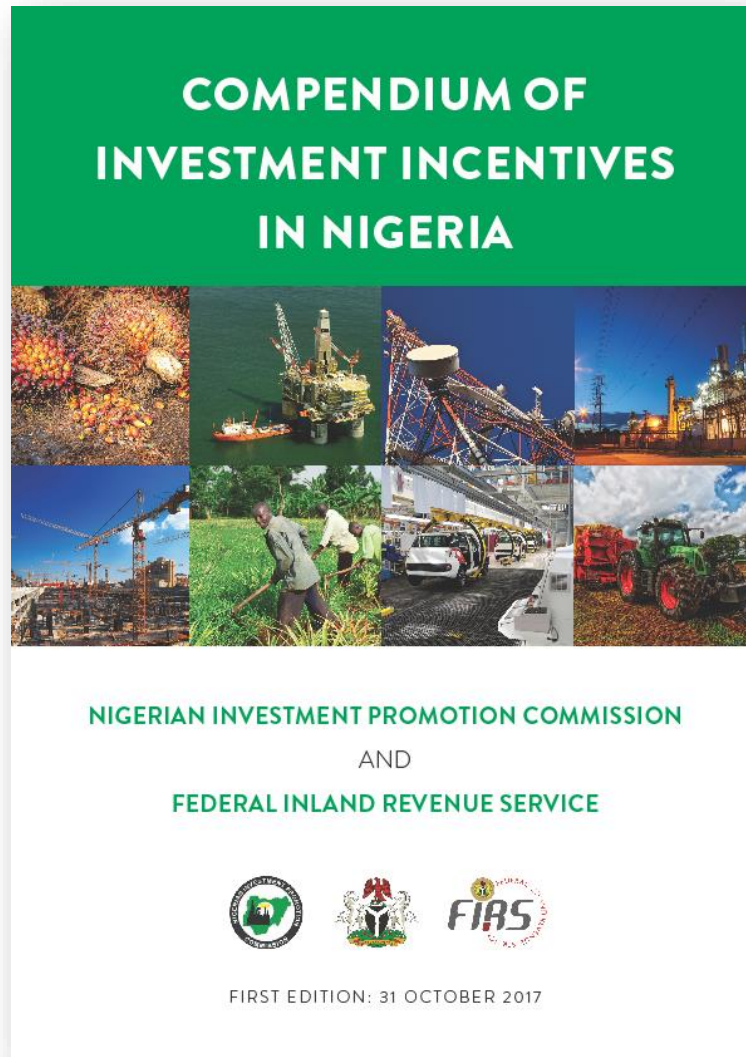


Improvements in 3 of the last 5 years

DB Year	Rank	Difference	*DTF	Difference
2019	146/190	↓ -1	52.89	↑ +1.37
2018	145/190	↑ +24	51.52	↑ +6.89
2017	169/190	↑ +1	44.63	↓ -0.06
2016	170/189	→ 0	44.69	↑ +1.14
2015	170/189	↓ -23	43.56	↓ -3.06

	2019 DB Ranking	
	Rank	Difference
Starting a business	120/190	↑ +10
Dealing with construction permits	149/190	↑ +2
Getting electricity	171/190	↑ +1
Registering property	184/190	↓ -5
Getting credit	12/190	↓ -6
Protecting minority investors	38/190	↓ -5
Paying taxes	157/190	↑ +14
Trading across borders	182/190	↑ +1
Enforcing contracts	92/190	↓ -4
Resolving insolvency	149/190	↓ -4

# Nigeria's investment promotion efforts



- Compilation of fiscal incentives in Nigerian tax laws and duly approved sector-specific incentives
- 6 principal sections
  - Investment policies and protections
  - General tax-based incentives
  - Sector-specific incentives
  - Tariff-based incentives
  - Export incentives
  - Special Economic Zones
- First step in understanding impact of incentives in achieving Government's economic objectives and considering incentive reforms
- Available at [www.nipc.gov.ng](http://www.nipc.gov.ng)

## 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

# Done: First phase of Pioneer Status Incentive reforms



New Guidelines issued, August 2017

Extraordinary



**Federal Republic of Nigeria  
Official Gazette**

No. 89 Lagos - 28th August, 2017

Government Notice No. 171

The following is published as Supplement to this Gazette:

S. I. No. Short Title


27 Application Guidelines for Pioneer Status Incentive

Printed and Published by The Federal Government Printer, Lagos, Nigeria  
FGP 52/042019/530

Annual Subscription from 1st January, 2019 is Local : N45,000.00 Overseas : N60,500.00 [Surface Mail]  
N75,000.00 [Second Class Air Mail]. Present issue N1,500 per copy. Subscribers who wish to obtain Gazette after 1st January should apply to the Federal Government Printer, Lagos for amended Subscriptions.

Ministerial Delegation of Duties documented

Extraordinary



**Federal Republic of Nigeria  
Official Gazette**

No. 82 Lagos - 9th August, 2017

Government Notice No. 170

The following is published as Supplement to this Gazette:

S. I. No. Short Title


26 Pioneer Status (Delegation of Certain Statutory Functions) Order

Printed and Published by The Federal Government Printer, Lagos, Nigeria  
FGP 50/042019/530

Annual Subscription from 1st January, 2019 is Local : N45,000.00 Overseas : N60,500.00 [Surface Mail]  
N75,000.00 [Second Class Air Mail]. Present issue N1,500 per copy. Subscribers who wish to obtain Gazette after 1st January should apply to the Federal Government Printer, Lagos for amended Subscriptions.

Pioneer List modernised, arranged in ISIC\* format

Extraordinary



**Federal Republic of Nigeria  
Official Gazette**

No. 84 Lagos - 14th August, 2017 Vol. 104

Government Notice No. 164

The following is published as supplement to this Gazette:

S. I. No. Short Title Page

24 List of Pioneer Industries and Products, 2017 .. . . . B783-803

Printed and Published by The Federal Government Printer, Lagos, Nigeria  
FGP 14/02019/0600

Annual Subscription from 1st January, 2019 is Local : N45,000.00 Overseas : N60,500.00 [Surface Mail]  
N75,000.00 [Second Class Air Mail]. Present issue N2,500 per copy. Subscribers who wish to obtain Gazette after 1st January should apply to the Federal Government Printer, Lagos for amended Subscriptions.

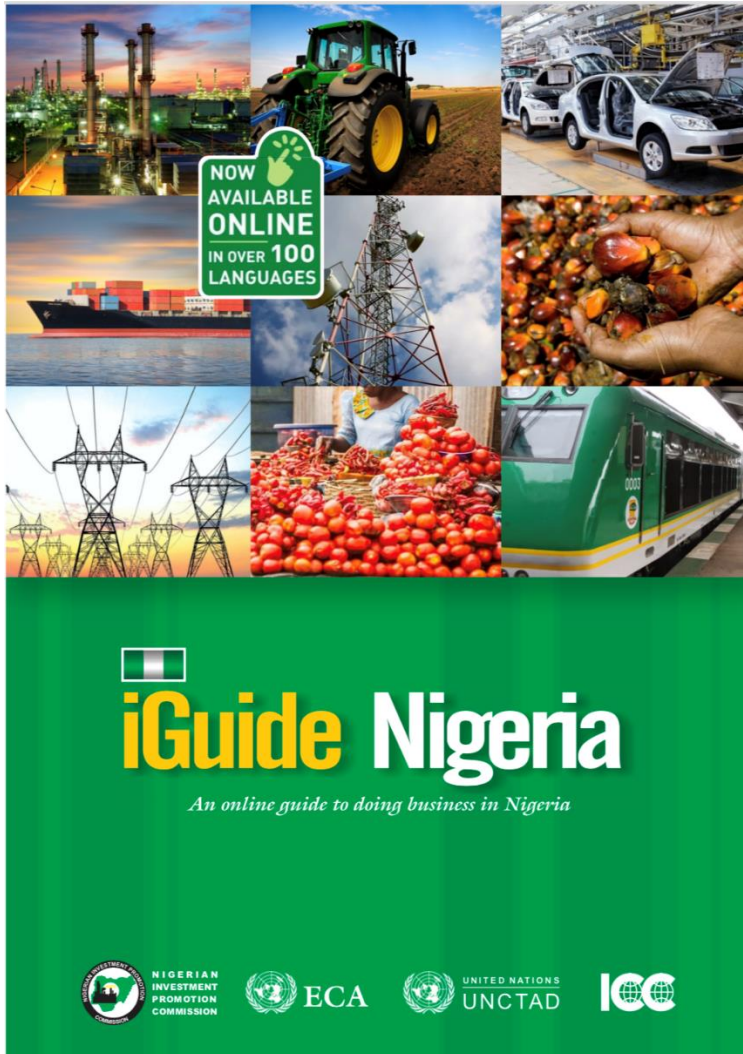
Next revision due in 2019. All inputs welcome

B 799

LIST OF PIONEER INDUSTRIES AND PRODUCTS—Continued

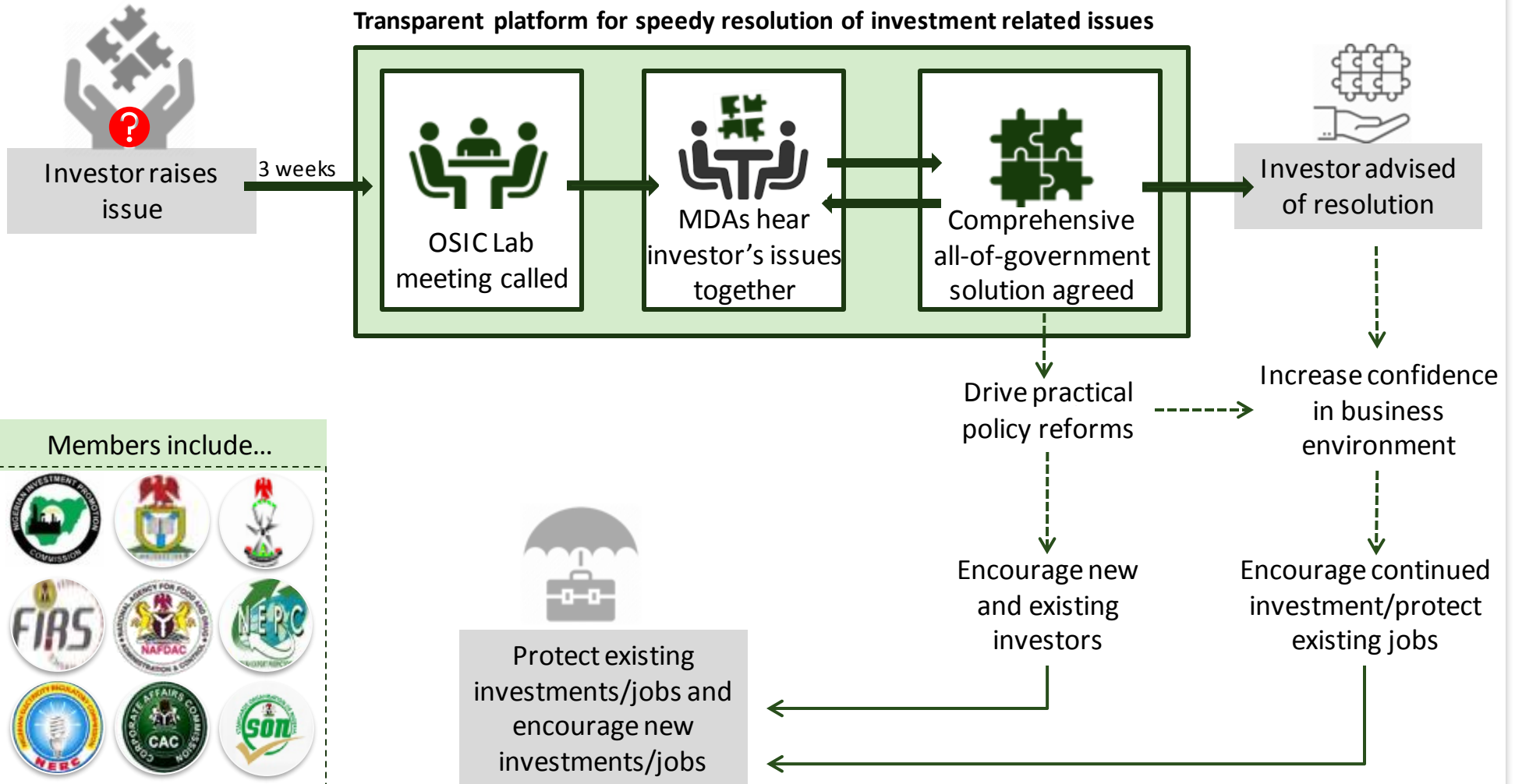
Sub-Sector	Pioneer Industry	Pioneer Product
88.	Construction and operation of non-residential buildings.	* Holiday resorts, hotels (3* and above); * Health supporting structures; specialised hospitals, diagnostics, laboratories, medical cities; * Sporting and recreational facilities; * Office buildings; * Buildings for industrial production; * Warehouses; * Shopping malls and stores.
<b>G. TRADE</b>		
Sub-Sector	Pioneer Industry	Pioneer Product
89. E-Commerce Services.	E-commerce services with sales done predominantly or exclusively on line.	* E-commerce services with sales done predominantly or exclusively online.
<b>H. INFORMATION AND COMMUNICATION</b>		
Sub-Sector	Pioneer Industry	Pioneer Product
90. Publishing of books.	Publishing of books.	* Copyrighted books.
91. Software development and publishing.	Development and publishing of ready-made software.	* Operating systems, software applications, computer games.
92. Motion picture, video and television programme production, distribution and exhibition.	Production and post-production of digital content for motion picture, videos, television programmes, commercials, distribution and exhibition.	* Digital movies, animation, videos, television programmes, commercials * Online distribution * Exhibition.
93. Music production, publishing and distribution.	Music production, publishing and distribution.	* Music production, publishing and online digital music distribution.

New sectors added



- 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](http://www.theiguides.org/nigeria)
  - [www.nipcc.gov.ng](http://www.nipcc.gov.ng)

## Transparent platform for speedy resolution of investment related issues





APPLICATION  
to submit an  
INVESTMENT OPPORTUNITY  
PROFILE



























Nigerian Investment Promotion Commission  
Plot 1181 Aguiyi Ironsi Street, Maitama District, PMB 381 Garki, Abuja  
+234 (9) 2904882 | www.nipc.gov.ng

Coming soon!

- Profile investment opportunities across Nigeria
  - Existing opportunities
  - New projects (brownfield or greenfield)
  - Public Private Partnership projects
  - Prospective investors seeking opportunities
- Standardised template
  - To be used by all IPAs in Nigeria
  - Supported by a **Toolkit for Investment Profiling**
- Database of investment opportunities
  - Maintained by NIPC
  - Analysed, by economic impact, sector, region, state
  - Summarised, for presentations and matchmaking
  - Abridged, in deal books
  - In full, for serious investors

# Strong medium to long term fundamentals



 <p>Large growing population</p>	 <p>Sophisticated financial markets</p>	 <p>Improving business climate</p>	 <p>Strategic location</p>	 <p>Generous investors protections</p>
 <p>Abundant natural resources</p>	 <p>Large tech-savvy population</p>	 <p>Young, energetic, entrepreneurial population</p>	 <p>Generous investments 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>3<sup>rd</sup> most populous country by 2050</p>	<p>14<sup>th</sup> 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>

# ERGP: Priority sector objectives and private sector investment requirements



Services	Manufacturing	Agriculture	Real Estate	Oil and Gas	Solid Minerals
<ul style="list-style-type: none"> <li>• Increase internet penetration from 47.4% to 75%</li> <li>• Encourage local production of ICT hardware and software</li> <li>• Channel funding to entrepreneurs through accelerators and incubators</li> <li>• Strengthen enforcement of IP rights</li> <li>• Increase tourism by 10% a year from 2017</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on agro-processing and industrial hubs</li> <li>• Create forward and backward linkages among industrial sub-sectors</li> <li>• Increase local content in raw materials and machinery</li> <li>• Increase export potential of manufactured goods</li> <li>• Increase R&amp;D, technology and innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure self-sufficiency in tomato paste, rice, and wheat</li> <li>• Become net exporter of key agricultural products</li> <li>• Fast-track the development and execution of irrigation projects</li> <li>• Extend the Anchor Borrowers Programme to all States and major crops</li> </ul>	<ul style="list-style-type: none"> <li>• Recapitalize Federal Mortgage Bank from N2.5b to N500b</li> <li>• Mobilize private capital through Government seed-funding in roads, housing, and agriculture</li> <li>• Deliver 2m housing units via Family Homes Fund</li> <li>• Invest in technical &amp; vocational training needed by the industry</li> </ul>	<ul style="list-style-type: none"> <li>• Increase oil production to 2.5 mbpd</li> <li>• Accelerate building of critical pipeline infrastructure</li> <li>• Promote domestic use of LPG and CNG</li> <li>• Increase local refining capacity</li> <li>• Develop domestic gas infrastructure for power and domestic consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate development of coal to fire power plants</li> <li>• Integrate artisanal miners into formal sector</li> <li>• Integrate mining transport and power needs in national implementation plans</li> <li>• Produce geological maps of the entire country</li> </ul>
<b>\$67.5b</b>	<b>\$35.7b</b>	<b>\$25.5b</b>	<b>\$21.8b</b>	<b>\$15b</b>	<b>\$3.9b</b>

# About NIPC

# NIPC's principal functions



Nigerian Investment Promotion Commission (NIPC) was established by the NIPC Act 16 of 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



## 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

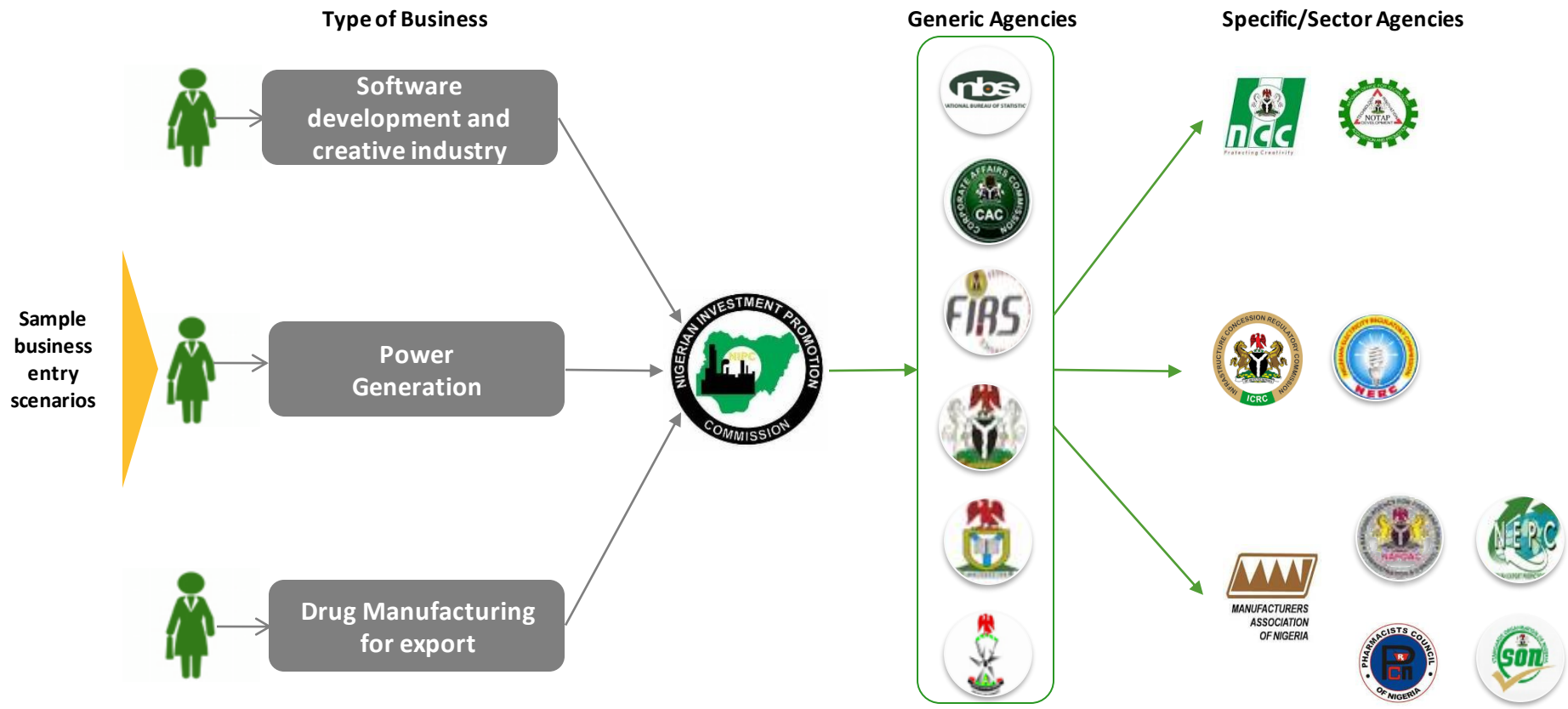
## Dispute Resolution

- 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

# One-Stop Investment Centre (OSIC) at NIPC



- Houses **27 agencies** to **facilitate investments and reduce time required** to process regulatory approvals and permits
- Provides assistance with information and requirements from **incorporation to expansion**
- Also supports with **business visa** facilitation



For further details, please contact us



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**Investment information**

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