



## REASONS TO INVEST IN NIGERIA

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# OVERVIEW

- According to Goldman Sachs Nigeria due to its export market is Africa's Largest Economy and the sixth largest population in the world with a booming population of over 200 million people, most of whom are young people: 42.54% between the ages of 0 to 14, 36% between the ages of 15 to 35 years. It is estimated Nigeria's Population will grow to 480 million by 2050 showing vast human capital resources. Her agricultural industry accounts for approximately 70 percent of the country's employment, petroleum products are the primary export- accounting for more than 90 percent of Nigeria's exports. [https://en.wikipedia.org/wiki/Demographics\\_of\\_Nigeria](https://en.wikipedia.org/wiki/Demographics_of_Nigeria)

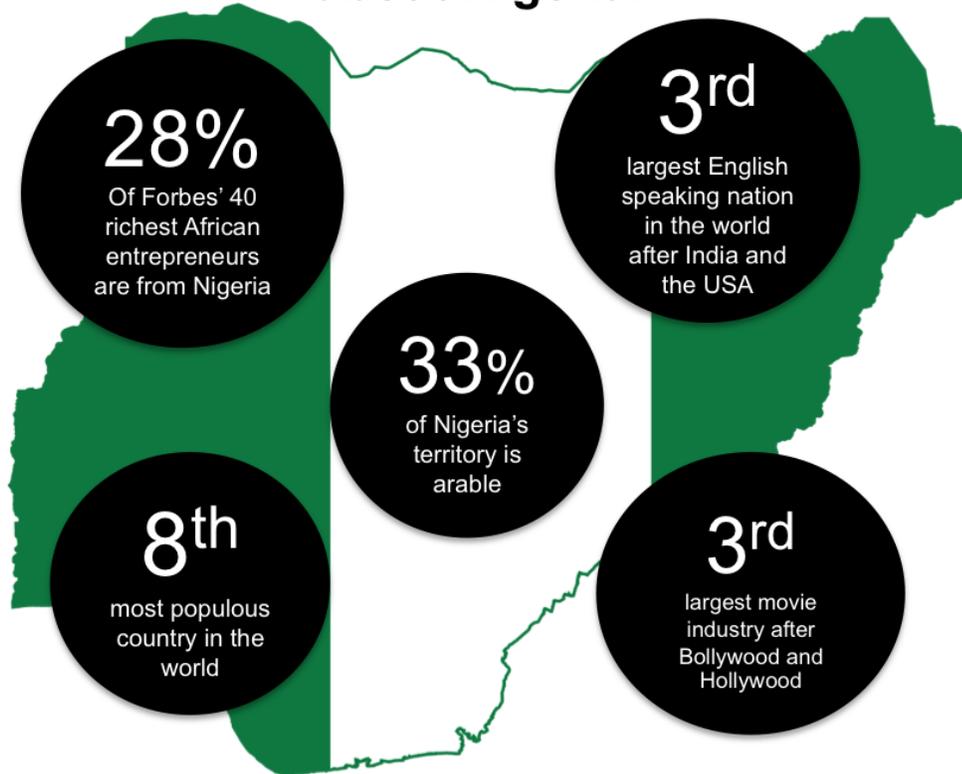
Nigeria parades some of the World's most ingeniously innovative minds, Industry Champions and Technology Leaders scattered within her population and is fast becoming one of Africa's top economies to watch. Geographically, Nigeria is one of eight countries located in the Gulf of Guinea, the maritime area located in the western part of the African continent, bordering the Atlantic Ocean. The Gulf of Guinea offers direct freight access to North America, South America, Europe, and Asia with a combined GDP of over US\$43 trillion. Nigeria is a diverse multiethnic country with more than 520 spoken languages. While English is the official language, Hausa, Yoruba and Igbo are also major languages in the country. Lagos, the former capital of Nigeria before it was moved to Federal Capital Territory- FCT Abuja, is the country's largest, most populous city dubbed " Africa's Big Apple," in reference to New York City. The country's film industry, known as NOLLYWOOD, is one of the largest film producers in the world, second only to India's BOLLYWOOD. Nigeria is home to 4 out of the 18 Forbes Africa's Billionaires List: **MIKE ADENUGA**- Globacom and CONOIL Plc. **ABDUL SAMAD RABIU**- BUA Group, **FEMI OTEDOLA**- Forte Oil Plc. and ZENON Petroleum & Gas Ltd., and **ALIKO DANGOTE**, currently on the list as the richest man in Africa. DANGOTE's business interests in agriculture, banking, cement, manufacturing, salt and sugar have earned him net worth of more than \$12 billion USD.

Nigeria is a destination with the third highest Foreign Direct Investment (FDI) in Africa and holds a special attraction for savvy investors from across the globe keen to capitalize on a GDP estimated to grow to over \$750 billion USD by 2022. <https://www.nordeatrade.com/en/explore-new-market/nigeria/investment>.

Mineral resources, agricultural produce and human capital are some examples of Nigeria's vast under-tapped opportunities with huge market potential for growth in the West African sub-region and sub-Saharan Africa. The government of Nigeria has invested in creating an enabling environment for business, investors and industrial ventures by ensuring the streamlining, modernization of administrative, bureaucratic procedures, implementation of policies and programs that guarantee a free market economy and low corporate tax. According to the World Resources Institute, Nigeria is home to 4,715 different types of plant species, and over 550 species of breeding birds and mammals, making her one of the most ecologically vibrant places of the planet. Nigeria is host to seven percent (7%) of the total languages spoken on earth. Taraba State in North East alone has more languages than 30 African countries combined. The Objective here is to explore opportunities available to both local and International investors for consideration to foster collaboration and international

relations necessary for sustainable growth and human development. Let's look at some of the Reasons below.

## 5 Things you may not know about Nigeria...



## REASONS TO CONSIDER INVESTING IN NIGERIA

**1. ABUNDANT HUMAN RESOURCES AND LABOUR:** Nigeria's 200 million Population holds an active Labor Force of 62.2 million according to World Bank estimate released in January 2021 <https://data.worldbank.org/indicator/SL.TLF.TOTL.IN?locations=NG> This indicates an abundance of skilled labor at a fraction of cost compared to developed economies like UK, Germany etc. resulting in very low production costs; among the lowest in Africa. The creativity and ingenuity of Nigerians are highly competitive and rank amongst the best in standards globally across all sectors and Fields- Technical, Mechanical, Engineering, Product Design, Quality Assurance, Economics, Finance etc. This critical human capital are readily available to be harnessed by Investors who wish to set up new companies, invest in existing ones or execute projects in Nigeria. Nigerians are generally smart and offer a unique blend of original content that can save time, add a mix of innovative creativity, originality and dynamism to any project or product when engaged fully, remotely or on part- time basis. Their skills and competence can help any Entity save valuable financial resources without dropping standard to deliver superior world class products and services.

**2. MATURED INVESTOR READY INDUSTRIES:** Nigeria's Entertainment, Music and Media Industry, Aviation, Tourism and Waterways are matured investor ready industries which have not witnessed flood of investments but hold promising Returns on Investment- ROI for Investors. The Nigerian Film Industry- Nollywood is globally recognized as the third largest film producer in the world. The Industry is a significant part of the Arts, Entertainment and Recreation Sector which contributed 3.3% (NGN 290 billion) to Nigeria's Gross Domestic Product (GDP) in 2020. It is one of the priority sectors alongside Tourism with vast tourist locations <https://www.nordeatrade.com/en/explore-new-market/nigeria/investment> identified in the Economic Recovery and Growth plan of the Federal Government of Nigeria with a planned \$2 billion in export revenue by 2021. At a time when Nigeria is experiencing a deep recession due to the falling price of oil, the country's main export. The success of the film industry is viewed by the Government as excellent news. Nollywood produces more than 2500 movies annually and is only behind Hollywood as the biggest producer of movies in the world. Nigeria with a 12.1% CAGR (albeit strongly influenced by surging spending on mobile Internet access), will be the world's fastest-growing E&M market over the coming five years. PwC Report- <https://www.pwc.com/ng/en/press-room/nigeria-will-be-the-worlds-fastest-growing-e-m-market-pwc-report.html> The importance of the cinema in Nigeria, the most populous country in Africa, could already be seen coming three years ago after The Wedding Party, a romantic comedy directed by Kemi Adetiba, earned 1.5 million dollars, a record for a Nigerian film. The success of this comedy lead to the filming of a sequel, The Wedding Party II. The financial returns of this far surpassed those of the first part and called the attention of Netflix, which acquired the two films for broadcast from their platform. French group Vivendi Canal Plus also decided to invest in 2019, acquired Iroko TV, the biggest internet and Entertainment Company in Nigeria, where it broadcasts television dramas to all the world. Today the film industry employs at least one million workers and is an essential part of the entertainment sector, which according to data from the international consultant PwC, contributed 2.3% (660 million dollars) to the gross domestic product (GDP) of Nigeria. PwC foresees an increase in the earnings of the industry to one billion dollars by 2021, all from exports. <https://www.pwc.com/ng/en/publications/spotlight-the-nigerian-film-industry.html>

**3. UNTAPPED MINERAL RESOURCES:** Nigeria has deposits of untapped mineral resources like Gold, Coal, Columbite, Tin, Iron Ore, Uranium, Limestone, Marble, Bitumen, Koalin etc. scattered across the nation. For instance, Plateau State has about 22 various mineral deposits, Nasarawa has 21; Kaduna, 19; Sokoto, 12; Ondo, 12; Bauchi, 11; Edo, 11; Oyo, 11; Benue, 10; Kogi, 9; Anambra, 9; Kwara, 8; Borno, 8; Delta, 8; Bayelsa, 8; Cross River, 8; Imo, 8; Kano, 7; Akwa Ibom, 7; Abuja, 7; Ogun, 7; Abia, 6; Rivers, 6; Osun, 6; Ekiti, 5; Adamawa, 4; Ebonyi, 3; Enugu, 3; Katsina, 3; Lagos, 3; Niger, 3; Gombe, 2; Yobe, 2; Zamfara, 2; Jigawa, Kebbi, and Taraba states all have one Mineral resource. These present huge Investment Opportunities and revenue potentials for these States. State Governments in Nigeria have been over dependent on the Federal Government for allocations to handle all projects without looking inwards for abundant natural resources to be tapped in their respective states. Economic Confidential discovered that some farmers in Nigeria have sold their lands and moved to cities saying that agriculture can no longer put food on their tables. <https://economicconfidential.com/2016/04/10-major-untapped-resources-nigeria/> It has been reported that the country loses about N50 trillion annually from her untapped resources.

From untapped gold alone, an estimate of N8 trillion was discovered to have been lost annually in Nigeria from royalties, taxes, charges and other fees that the Government at all tiers would have earned from firms and individuals operating in the solid minerals Industry. President Muhammadu Buhari has promised to implement policies on economic diversification as a result of the drop in global oil prices, signaling time for the nation to diversify her economy by tapping different resources scattered across the 36 States and the Federal Capital Territory (FCT); seeing that crude oil revenue which accounts for Nigeria's major cash cow has depleted in the global market.

**4. DYNAMIC PRIVATE SECTOR:** Nigeria enjoys a dynamic private sector, which has assumed greater responsibility under the new economic environment to attract new investments into Nigeria. Exchange control regulations have been liberalized to ensure a free flow of international finance and Foreign Direct Investment guaranteeing unrestricted movement of investment capital. Nigeria also boasts a well-developed banking and financial sector plus scattered private sector driven impact investments pioneered by bold steps from individuals and captains of Industry like Tony Elumelu, Allen Onyema, Cletus Madubugwu Ibeto, Alh. Aliko Dangote, Femi Otedola, Alh. Abdul Samad Rabi'u and many others. These have opened up many business opportunities in nearly all business sectors in Nigeria and emergence of interesting new MSMEs like SECURE ID, MainOne offering complementary services which collectively have contributed meaningfully to Nigeria's GDP and economic Index. Examples of private sector driven initiatives include- BUA Group and Axens of France MoU for 200,000 bpd integrated refinery and petrochemical plant; Dangote Group Nigerian refinery project currently ongoing; Dangote/Niger State MoU for \$450million jumbo sugar production facility; Dangote, Nasarawa State MoU Sugar Refinery Plantation facility; UNDP/Tony Elumelu Foundation agreement aimed at promoting entrepreneurship in Africa; MainOne Fiber Optic 7,000 kilometer-long undersea cable from Nigeria to Portugal <https://www.forbes.com/sites/tobyshapshak/2018/12/12/how-a-returning-expat-built-her-own-undersea-cable-to-get-decent-internet-access-in-nigeria/?sh=6a50e2267374> plus many other private sector driven investments.

**5. STRUCTURAL TRANSFORMATION:** Keen to increase sustainable growth and development, Nigeria has begun a meaningful back – to – back successional structural transformation from Administration to Administration since 1999 to shift her economy from a mono-product economy to a diversified and industrialized one. This is evidenced by the development of physical and critical industrial infrastructure drivers within key economic transformation sectors like transportation, telecommunications, electricity, water supply, energy, MSME cluster development, construction etc. To achieve industrial results, President Muhammadu Buhari- GCFR approved the establishment of Infrastructure Company: Infra-Co in February 2021 wholly focused on critical infrastructural investments in Nigeria under a Public-Private Partnership with an initial seed capital of N1 trillion <https://www.bloomberg.com/news/articles/2021-02-12/nigeria-approves-creation-of-2-4-billion-infrastructure-firm-kl291fjc> . This move in addition to several other initiatives like: MoU signed with Siemens- the German electricity powerhouse, to improve Nigeria's power supply, Dangote, Flour Mills of Nigeria and FGN MoU on repair of Apapa-Wharf Road; Dala Inland Dry Port set to take off after N2.3 billion investment – Kano Govt., FG Signs MoU on the Kano-Maradi Railway Infrastructure Project <https://www.proshareng.com/news/Transportation/FG-Signs-MoU-on-the-Kano-Maradi-Railway-Infrastructure-Project/55151> are timely developments strategically targeted at major economic drivers, which positions Nigeria as

an Investment ready destination seeing that key infrastructure like Railway have huge benefits for easy movement of people, goods and services from production point to market at reasonable cost to increase profit margins for producers and farmers.

**6. FAST COMPANY REGISTRATION:** The Commitment by Corporate Affairs Commission (CAC) of Nigeria to register companies within 48 hours, approve business name same day and ensure 5-day completion window for other post-incorporation services not available electronically plus dispatch of Incorporation Certificate and all related documents via Nigeria Postal Service- NIPOST is one of the exciting reasons to consider investing in Nigeria. Prior to December 2020 when the announcement was made, business registration usually take around 30 to 60 days or more to be completed. This disclosure by The Registrar General of Corporate Affairs Commission (CAC) of Nigeria- Alhaji Garba Abubakar- Nigeria's Business Entity Management and Administration Commission, will increase efficiency of the commission, implement global standard best practices for company/business registration, point Nigeria in the direction of environment readiness to boost trade and commerce, water the ground for new Entities to enter Nigeria and establish operations to tap into the maturing business eco system already building up. <https://www.independent.ng/cac-to-register-companies-within-48-hours-approve-business-name-same-day/>

**7. EASE OF DOING BUSINESS INDEX:** Atlas Magazine Ease of Doing Business 2020 report shows Nigeria Ranked 21<sup>st</sup> in 2020 at the regional level, moving from 26<sup>th</sup> position in 2019, a jump of 5 places on the African Continent and from 146<sup>th</sup> Position in 2019 to 131<sup>st</sup> Position in 2020 on the global ranking- a jump of 15 Places from her 2019 ranking. This indicates that Nigeria showed meaningful willingness to improve her Administrative procedures and integrate global standard best practices for doing business. <https://www.atlas-mag.net/en/article/doing-business-2019-ranking-of-the-african-and-middle-eastern-countries> typical example of these reforms include 48hrs, 5 days maximum window for business registration, and 80 percent (%) tariff reduction in National Agency for Food and Drugs Administration and Control- NAFDAC registration fees for MSME products over a 6 months window from May 15, 2020 in NAFDAC's e-Registration assistance for MSMEs through the Automated Product Administration and Monitoring System (NAPAMS). <https://nairametrics.com/2020/05/16/fg-grants-new-msmes-80-discount-on-nafdac-registration/> These reforms encourage the creation of small and medium-sized enterprises-SMEs. The Federal Government of Nigeria's ease of doing business initiative, led by the Presidential Enabling Business Environment Council (PEBEC) team must be commended. The team has sought to remove bureaucratic constraints to doing business to make Nigeria a progressively easier place to start and grow a business through initiatives like digitizing processes and reducing timeframes for company registration to 48 hours-max 5 days with critical cross examination of trademarks, patents and designs registration process, for re tool and improvement for better results. Sustaining this progress should make Nigeria one of the attractive destinations for business within Sub-Saharan Africa.

**8. EMERGING FRONTIER MARKET:** Nigeria doubles as both an Emerging and Frontier Market due to her developing nation status which itself presents her as a huge potential market for investment to offer greater liquidity and stability for Investors as she is in the process of becoming a developed economy. Nigeria stands tall in Ranking as a more established economy than many other less developed countries (LDCs) like Sudan, Niger, and Somalia etc. This can pass her for a Frontier Market as Interesting cluster developments in sectors like

Automobile for instance presents Nigeria as an Emerging Frontier Market with very promising potential as an Investment destination to consider. In 2017 for instance, Africa's richest man Alh. Aliko Dangote- Chairman of DANGOTE GROUP partnered with China's heavy duty truck group SINOTRUCK to set up a \$100 million plant to assemble trucks and cars in Nigeria for local use and export. <https://www.reuters.com/article/us-nigeria-dangote-sinotruck-idUSKBN1521C9> the \$100m investment was to cut complete importation of his operation vehicle and truck fleet, for domestic production to transfer engineering skills and create jobs. The factory in Ikeja - Popular IT hub in Lagos State of Nigeria has since begun production of complete knock down (CKD) trucks to support the 12,000 operations fleet. The joint venture, which is 65 percent owned by Dangote Group and 35 percent by Sinotruck will assemble components and knocked down parts imported from Sinotruck to the Nigerian plant. The plant has the capacity to assemble 16 trucks a day and will export to West Africa. The facility would expand into vehicle manufacturing as it aims to meet an expected increased demand for transport in the country as the Government focuses on boosting agriculture to ease movement of farmer produce across the vast markets and points of sale within Nigeria. There are also Innoson Motors manufacturing plant in Nnewi, Anambra State, Hyundai Assembly Plant in Lekki- Collaboration with Globe Motors. PROFORCE LIMITED incorporated in 2008 as a total defense solution provider specialized in armored vehicles and personal protection- The Company's focus is on the delivery of confidence in protective mobility. PROFORCE Manufacturing plant is located in Ogun and Rivers State with Corporate Offices in Lagos and Abuja, Nigeria. Nord Automobile/Tanks manufacturing also produces from Lagos State amongst others <https://naijauto.com/market-news/8-companies-produce-assemble-cars-nigeria-7377> .With Frontier markets now filling the gap for long-term investors seeking a return on their capital that is largely uncorrelated with the rest of the global economy, Nigeria no doubt is a good BET as an INVESTMENT destination. Let me end with below messages of hope from Nigeria's current Vice President and those of two (2) Former Presidents.

“With 10 Percent of Nigeria's total landmass, 80 percent of which is arable, Niger State symbolizes the hope and greatness of Nigeria and has potential to feed the Continent.”

- **Professor, Yemi Osinbajo, Vice President, Federal Republic of Nigeria**

“Nigeria has no business with Poverty. With our human and material resources we shall strive to eradicate poverty from our country.”

- **Chief, Olusegun Obasanjo- GCFR., Former President, Federal Republic of Nigeria**

“We want to refocus Nigeria to make sure that basic infrastructure is provided. The environment is created for private investment, both within and direct foreign investment. So jobs will be created. That is my dream for Nigeria.”

- **Dr. Goodluck Ebele Jonathan- GCFR, GCON., Former President, Federal Republic of Nigeria**

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