



Anambra Industrialization Framework

Draft

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External Analysis and Impact on Industrialization

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Anambra's external analysis shows there are opportunities the state needs to leverage for industrialization (1/2)

Key factors	Overview	Impact on industrialization
Political factors	<ul style="list-style-type: none">• In the last year, Anambra's political landscape has enjoyed a smooth and peaceful transition due to the overwhelming support and hope from its citizens, on the back of the promise of deploying solution-oriented initiatives• The current administration's vision is to build a livable and prosperous smart megacity that will improve Anambra's business environment, build investors' confidence, and diversify the economy.• There is the political will to drive and anchor industrial initiatives	<p><i>Strong political will is shaping the type of policies and projects implemented to drive industrialization</i></p> <div>High</div>
Physical Infrastructure	<ul style="list-style-type: none">• Anambra State Government is actively striving to ensure that some of these infrastructural gaps are closed i.e. it has flagged off the construction and rehabilitation of >261 km of road networks across the state to ease and facilitate the movement of goods and people, investments in a number of power-related (renewable and non-renewable) initiatives to attain 18-hr power supply etc.• It also continues to operationalize and improve the standards of its local cargo Airport, which currently serves Umueri and the surrounding areas of Anambra State.	<p><i>Industrialization is heavily dependent on physical infrastructure for production and movement of goods and people</i></p> <div>High</div>
Economic factors	<ul style="list-style-type: none">• Anambra's GDP grew marginally by 0.86% from NGN 4.67mn in 2019 to NGN 4.71mn in 2020, due to the impact of the pandemic on manufacturing activities. Major sector drivers were Trade, manufacturing and Agriculture.• Anambra is characterized by its strong business acumen and manufacturing capabilities.• A significant percent of the working population is engaged in trade and commerce, if harnessed properly industrialization will boost economic activities within these sectors.	<p><i>There are existing opportunities to boost activities within sectors required to grow the economy.</i></p> <div>Medium</div>

Anambra's external analysis shows there are opportunities the state needs to leverage for industrialization (2/2)

Key factors	Overview	Impact on industrialization
Social factors	<ul style="list-style-type: none"> As of 2020, Anambra State had a 95% literacy rate with a net primary school enrolment rate of 85% and a secondary education enrolment of 63.3%. Issues such as the lack of a vibrant industrial sector to absorb graduates, the human capital skill gap etc. will continue to drive the unemployment rate, if not checked. Industrialization will enable investors and SMEs to set up in Anambra, creating better job opportunities for youths in the State. 	<p><i>Availability of young and active workforce will support the growth of industries within Anambra</i></p> <div> <div>Medium</div> <div></div> </div>
Technology Analysis	<ul style="list-style-type: none"> There is an existing digital divide in Anambra due to a lack of requisite technology infrastructure such as poor broadband connectivity, inadequate access to digital devices, lack of steady power etc. Anambra State Government is working to conclude its plans to lay about 2000 kilometers of fibre duct in the state which would make it easy for last-mile connectivity and accelerate internet connectivity. There are also plans to create innovation hubs that will spur innovation and incubate businesses within the State. 	<p><i>Technology and Innovation are key factors to drive the processing/movement of goods</i></p> <div> <div>High</div> <div></div> </div>
Legal Analysis	<ul style="list-style-type: none"> There are several ongoing efforts by the government to provide incentives that will create an enabling environment for businesses to thrive in Anambra. Examples of some of these recent incentives include the implementation of a new tax and levy regime with a single digital collection system for transporters, restructuring of ANSIPPA to foster investment into the state, enactment of land acquisition laws to ensure the smooth transfer of land and land titles, Introduction of economic packages such as credit to MSMEs, etc. 	<p><i>Creating an enabling environment where businesses can thrive will Fasttrack industrialization</i></p> <div> <div>High</div> <div></div> </div>
Environmental Analysis	<ul style="list-style-type: none"> One of the major environmental problems that plague Anambra is erosion, about 70% of the state's landmass is destroyed by erosion annually. Flooding is another perennial problem in Anambra State that has also compounded the erosion menace in communities across the State. However, the government is partnering with development partners and agencies to combat these issues by deploying proper erosion control and flood management techniques. 	<p><i>Industrialization will support proper urban planning which will curb existing environmental issues</i></p> <div> <div>Low</div> <div></div> </div>

Key trends shaping the need for industrialization include formalization of the economy, export drive amongst others

Formalization of the Economy



- Anambra State is widely known for its large trade and commercial activities in two of its major cities, Onitsha and Nnewi. However, these trade activities are largely dominated by informal sector who remain unregulated, unregistered and sometimes poorly managed - resulting in poor product standards, inability to cope with demands, lack of access to capital and market linkages. There is need to formalize these businesses to provide them with access to benefits (economic rights, freedom from harassment, lower credit schemes, infrastructure support etc.) that will enable them thrive as well as expand their operations.



Unfavourable Exchange Rate Regime

- Nigeria's growing disparity and volatility between official and parallel exchange rate continue to persist as foreign reserves remains low. The country is looking to deploy import substitution and export-led growth strategies that will spur the development of local industries while reducing dependence on imports. Anambra a major trade and commercial hub currently relies on imported goods from China etc., there's need for the State to adopt local content to minimize exposure to unfavourable FX regime on businesses in the State.

Changing Demographics



- Anambra currently has a relatively large, young workforce that will impact the future of industrialization within the State. Since most of these youths are either unemployed or underemployed, Anambra's ability to absorb this workforce in labor-intensive and highly productive activities/sectors (e.g. manufacturing) will continue to drive the need for industrialized activities.



Export Drive - AfCFTA

- The African Continental Free Trade Agreement (AfCFTA) is a free trade area that was established on 21 March 2018. The aim is to create a single continental market for goods and services, with free movement of business persons and investments. Specifically, it is supposed to promote industrial development through diversification and regional value chain development.

Overview of Anambra Industrial Landscape

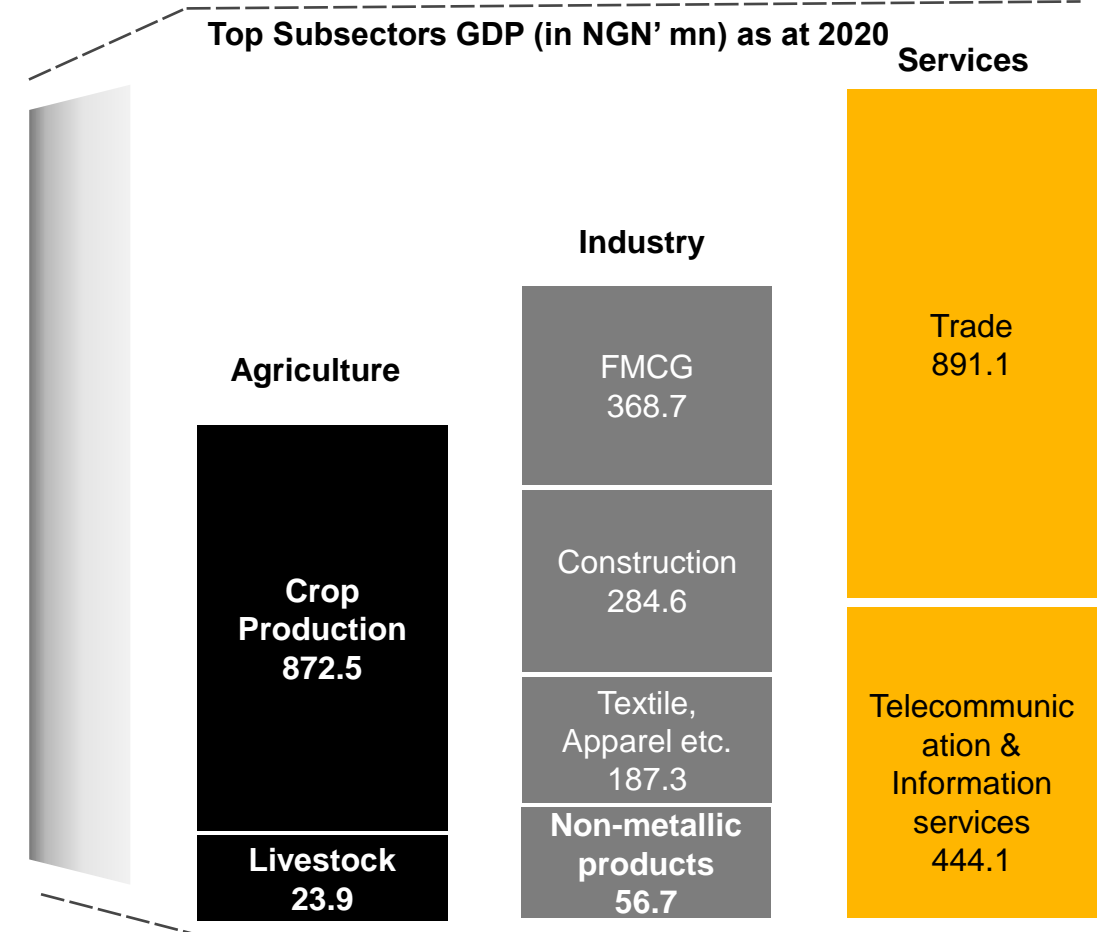
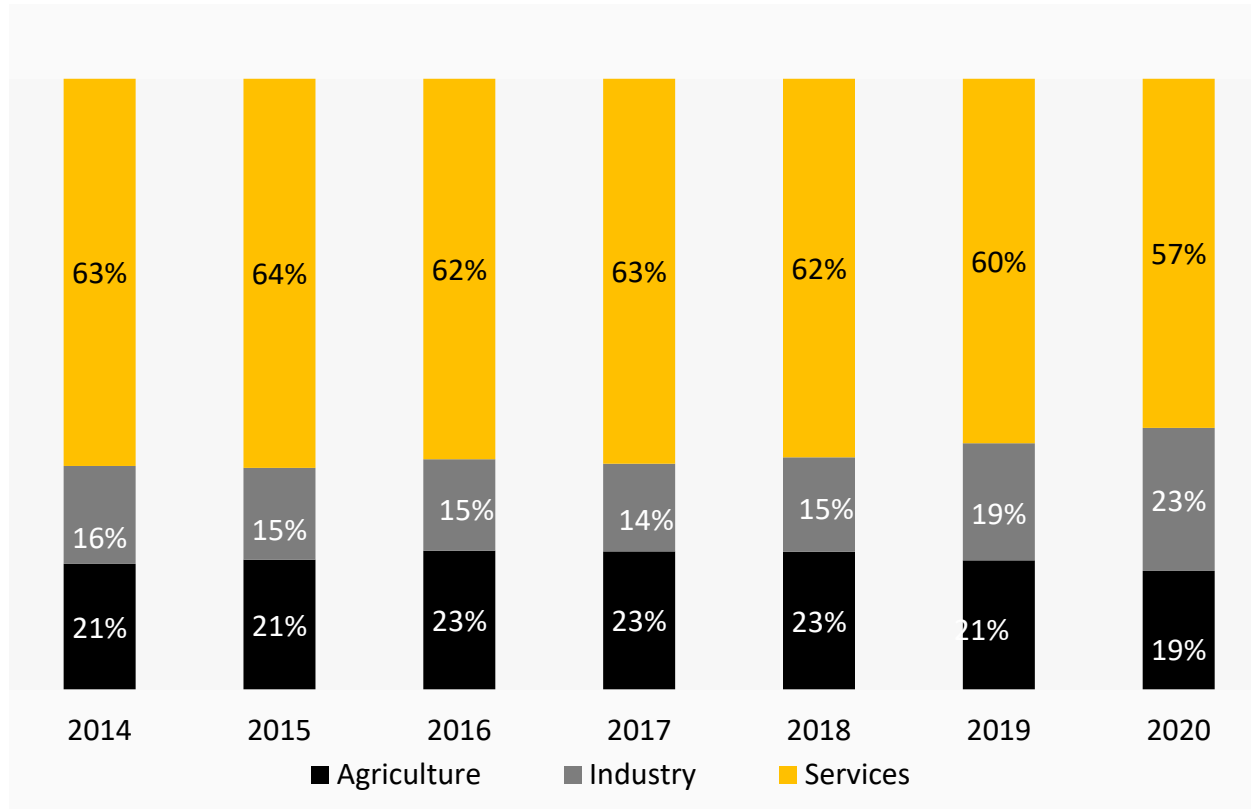
Internal



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Anambra has an existing trade and manufacturing presence that it can further strengthen through industrialization

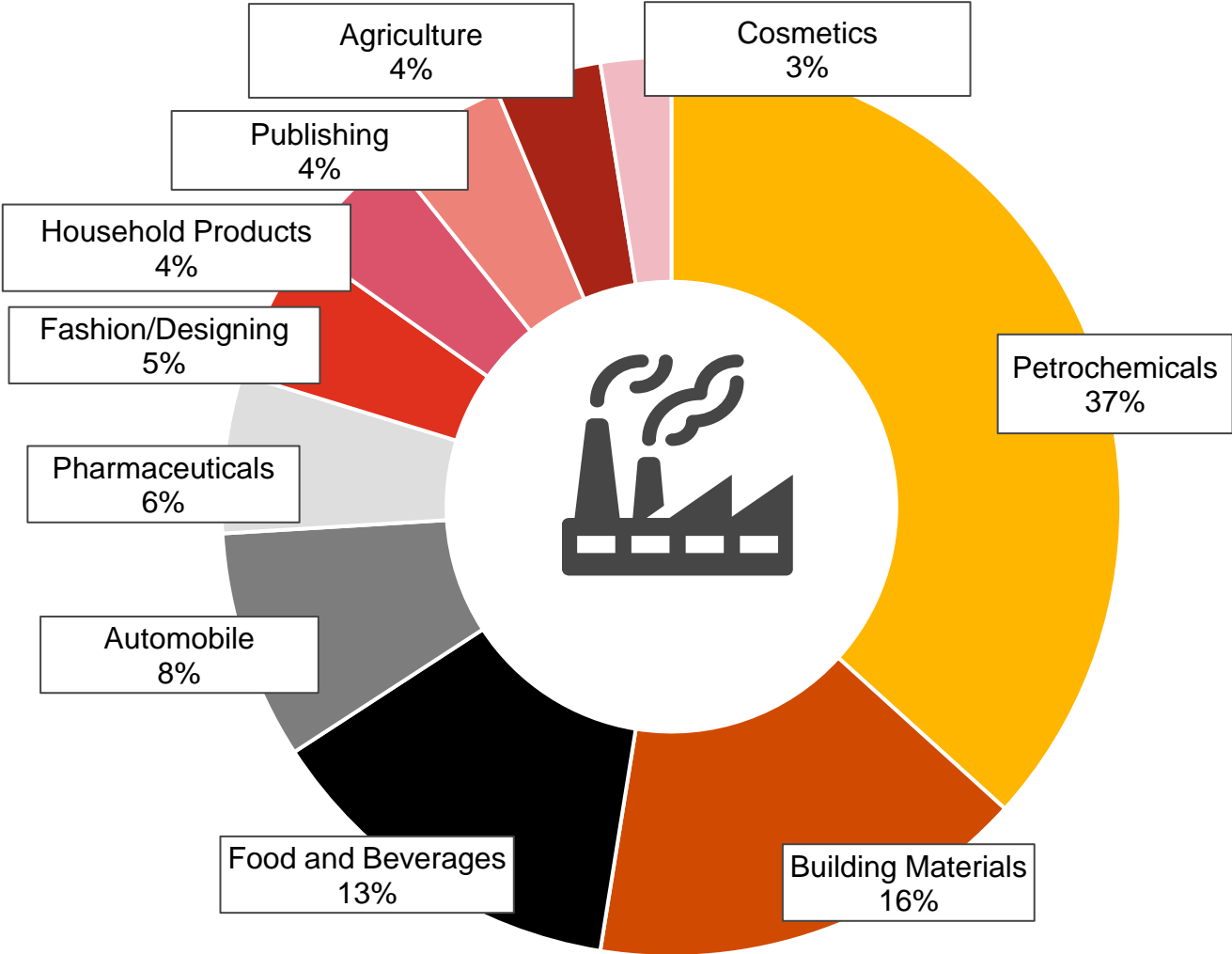
Sectoral Contribution to Anambra's GDP



- Anambra's trade and crop production are the largest contributors by subsectors to the State's GDP. Anambra's industrial and commercial clusters, arable land, as well as the boundary it shares between the South East and other parts of Nigeria, have made it a suitable location for trade and crop production.*
- Anambra can maximize the opportunities presented by its existing commercial and industrial activities through industrialization*

Petrochemical products contribute 37% to Anambra's GDP and is a key sector that Anambra can look to supporting amongst others

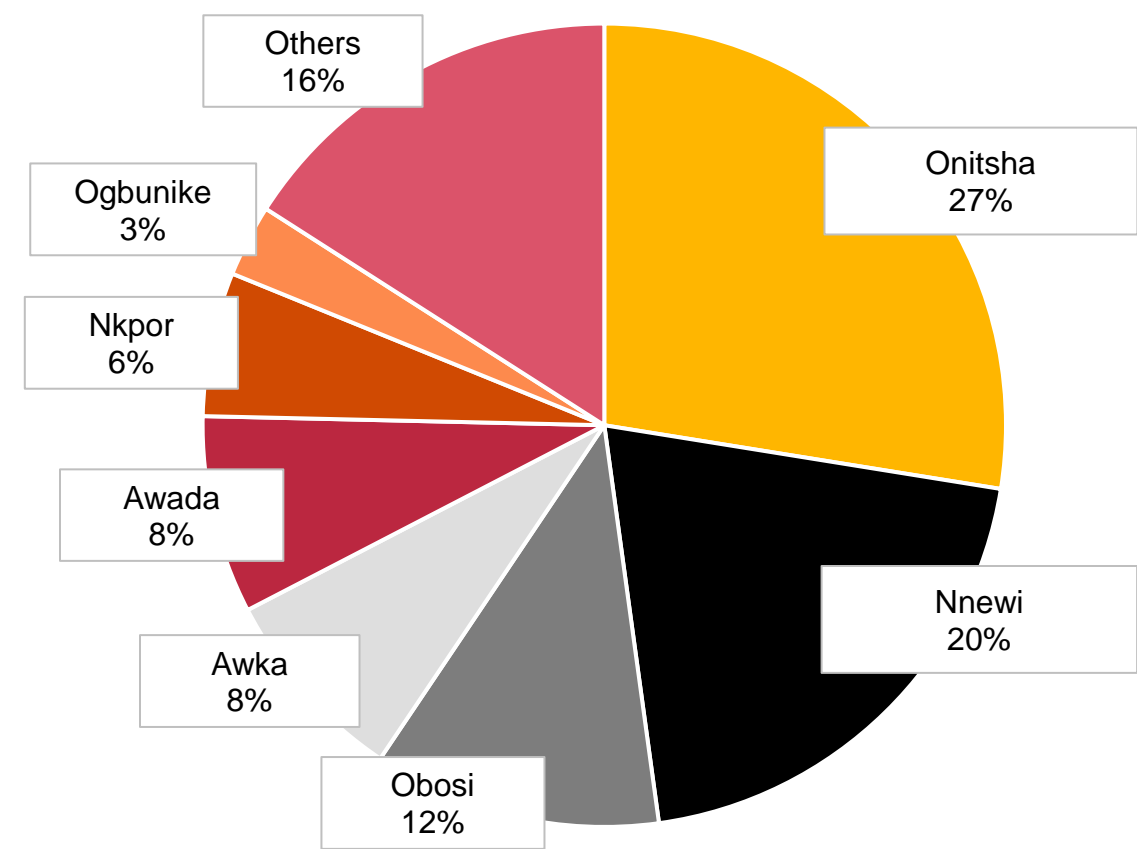
Top ten Industries % contribution to GDP



Key Industries	Overview
Petrochemical	<ul style="list-style-type: none">Anambra has over 55 industries in the petrochemical sector with specialty in the production of plastics, nylons, polythene films and lubricants.
Building Materials Sector	<ul style="list-style-type: none">There is a concentration of industries specialized in building/construction materials such as aluminum roofing sheets, tiles and steel products.
Automobile	<ul style="list-style-type: none">Anambra is home to the only indigenous automobile manufacturing plant in Nigeria – Innoson Vehicle Motors – and other major auto parts manufacturing industries.
Agriculture	<ul style="list-style-type: none">100% of the soil texture in Anambra is arable for large scale crop cultivation and farming.Staple local products such as oil palm, maize, rice, yam and cassava can be cultivated for large scale processing and export.

Onitsha and Nnewi have the highest concentration of industries in Anambra

Concentration of industries across Anambra



Existing industries	Notable Stakeholders	Estimated Sales Revenue
Automotive Assembling and Manufacturing	Innoson Vehicle Motors, Coscharis Group	Not Available
Electrical Equipment Manufacturing	Adswitch Plc, Cutix Plc	N20 billion
Commercial and Service Industry Machinery Manufacturing	Kenneth Maduakor Group Limited	\$83.43 million
Glass and Glass Product Manufacturing	Ceemetal Aluminium and Allied Product Ltd, Ano Plastic and Metal Industries Ltd	\$2 million
Fast-Moving Consumer Goods Manufacturing	Tiger Foods Ltd, Chin Premium Food	\$20 million
Agro Processing and Manufacturing	G.M.O Farms, Lynden Farms	\$5 million

Large scale mechanized farming and agro-allied processing have been identified as the major investment opportunities in Anambra State

Key industries that Anambra should consider strengthening in near term include agro-allied, solid minerals amongst others

S/N	Industrial Sectors	Breakdown Of Sectors	Business Size*			Economic Potential
			Medium	Large	Ultra Large	
1	Agro- Allied	Food Processing		X		High
		Palm Oil Processing		X		High
		Leather and Leather products	X			Medium
		Rubber products		X		Medium
2	Metal and Solid Minerals	Auto Assembling			X	High
		Basic Metal and Steel			X	Medium
		Aluminum			X	Medium
		Chemicals		X		Medium
		Petrochemicals			X	High
3	Petrochemical, Oil and Gas Industries	Methanol			X	Medium
		Refineries			X	Medium
		Plastics	X			High
4	Construction and Services	Housing	X			High
		Services	X			High

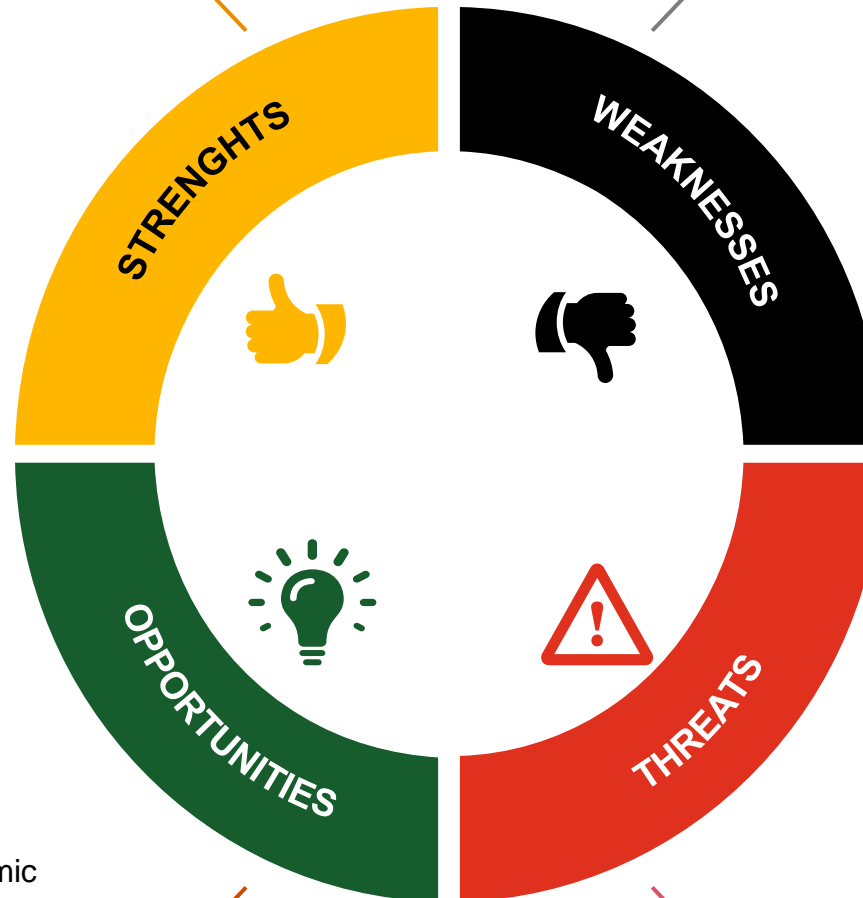
A SWOT analysis on Anambra's industrial landscape highlights a huge potential of becoming the manufacturing hub of Nigeria

STRENGTHS

- Presence of raw materials and mineral resources for manufacturing, export and trade.
- Large and enabling franchise markets for commercial viability.
- Available workforce from a predominantly youthful demography.
- Anambra is a hub, bordering 10 states.
- The State already has manufacturing capability

OPPORTUNITIES

- Huge potential to become Nigeria's leading manufacturing hub leveraging the right partnerships/investment opportunities
- Opportunity to lead the trade sector in Nigeria trading by leveraging existing trade policies and agreements such as AfCFTA.
- Presence of largest natural gas reserves in Africa (203 tcf) for extraction.
- Facilitating the flagship Export Emporium for a convergence of industrial clusters towards economic development.



WEAKNESSES

- Infrastructure deficit (poor transportation networks, abysmal power supply and technology systems)
- Limited financial incentives and access to credit facilities
- Inconsistency in framework policies to enable industrial development
- Poor tariff regime
- Dwindling consumer purchasing power and low patronage of local products (or services)

THREATS

- Multiple taxation which is a burden to business owners
- Insecurity issues especially in areas around the outskirts/boundaries of Anambra
- Impact of natural and environmental disasters (flooding, erosion and land slides) on business operations

Case for Industrialization

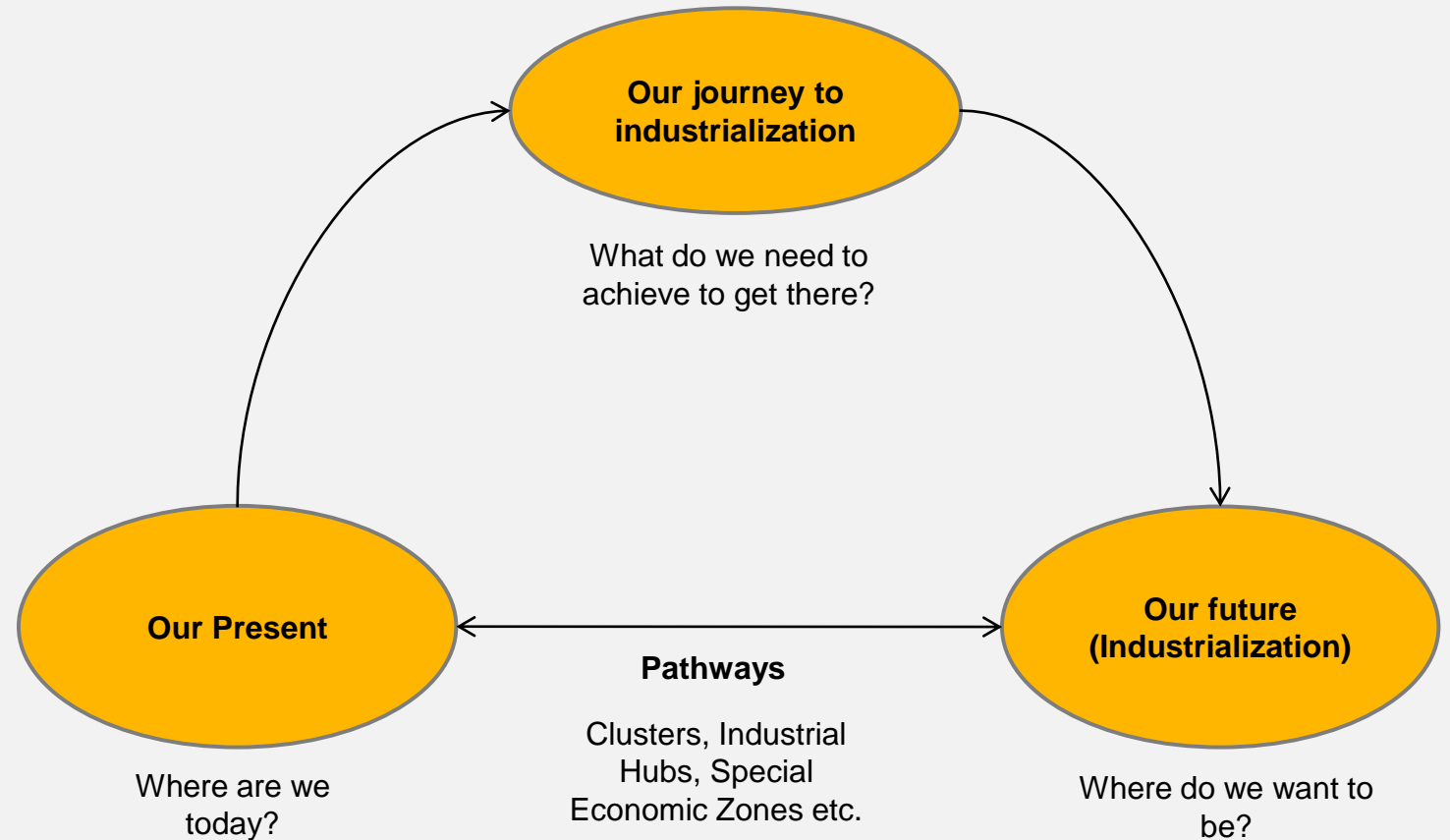


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Anambra's industrialization framework will map out the suitable pathways to achieve industrialization

Anambra's Industrialization Framework




- As Anambra State continues to work towards maintaining a positive recovery from the impact of the COVID-19 pandemic, flooding, insecurity, and other issues on its economy, there is a need to map out a new path to encourage development and maintain sustained growth.
- Industrialization is expected to promote economic diversification, develop new industrial capabilities, and tackle unfavorable business/investment environments and other sector-specific market failures.
- Hence the objective of the Anambra Industrialization Framework is to identify the suitable journey pathways for the State to achieve industrialization.
- The framework presents a conceptual analysis of the required incentives and interventions to achieve Anambra's goal of industrialization



The benefits of industrialization include growth in the existing commercial ecosystem, improve Ndi-Anambra's living standards...

Key Benefits	Overview	Case for Industrialization
 Boost existing commercial and export operations in Anambra	<ul style="list-style-type: none">Anambra currently ranks 1st in commercial trade volume in the South East and 3rd in Nigeria after Lagos and Kano.Anambra's major cities (Awka, Onitsha and Nnewi) have provided an enabling environment for manufacturing, trading and distribution of goods across Nigeria, and even West Africa.	<ul style="list-style-type: none"><i>There is existing opportunity to converge key industries in order to improve productivity across their value chain and boost the State's export capacity.</i>
 Meet the growing demand-supply gap for local products	<ul style="list-style-type: none">The value chain of key industrial sectors are dominated by local, informal players who are Small and Medium Enterprises (SMEs) with limited capacity to meet market demands especially for local products.Nigeria's growing population coupled with rapid urbanization, is causing a rise in the demand for mass produced local consumer goods (finished and manufactured products).	<ul style="list-style-type: none"><i>Industrialization will provide SMEs with access to linkages, markets and infrastructure required to help scale up their businesses and production capacity to meet market demands.</i><i>Anambra State can boost the mass production of local consumer goods through industrialization.</i>
 Improve Ndi-Anambra's standard of living	<ul style="list-style-type: none">Although Anambra has the lowest unemployment and underemployment rate in Nigeria of 13% and 17%, respectively and per capita income is also relatively higher than the national average.It is imperative that we create strategies that can drive down these unemployment and underemployment numbers to lower single digits, while moving households from lower middle income status into upper middle income status in the near-medium term.	<ul style="list-style-type: none"><i>Industrialization will create multiple opportunities for Ndi-Anambra to improve their standard of living.</i><i>It will create jobs, drive growth in urbanization and infrastructure development (in areas such as technology, power, healthcare, transport systems etc.) required to improve quality of living.</i>

...create growth opportunities for new markets and technology advancements amongst others

Key Benefits	Overview	Case for Industrialization
 Create growth opportunities for new markets/industries	<ul style="list-style-type: none">Anambra has a number of industries with fragmented value chain systems that has a huge risk of disrupting their business operations as they have very limited capacity, leading to some businesses having to depend on imports.	<ul style="list-style-type: none"><i>Industrialization will improve the value chain of industries across the State and drive the creation of new industries, where there is a gap.</i>
 Growth in digital and technological developments	<ul style="list-style-type: none">Currently, major cities in Anambra have a growing digital and technology divide especially when compared to cities such as Lagos, Johannesburg, Nairobi etc. caused majorly by the lack of requisite infrastructure.Poor broadband connectivity, lack of steady power and lack of access to digital upskilling are some of the current challenges that Anambra faces in driving technology innovations.	<ul style="list-style-type: none"><i>Industrialization will spur the rise of digital and technological innovations that can provide digital solutions and infrastructure to improve technology advancement.</i>
 Foster opportunities for investment in Anambra	<ul style="list-style-type: none">As at Q3 2022, Anambra was listed as one of the 5 states to receive capital inflows of \$24.71m which is relatively low when compared with Lagos (\$1.05 bn).Low investor confidence, rising inflation, high interest and other socioeconomic factors continue to negatively impact the flow of foreign capital into local economy.	<ul style="list-style-type: none"><i>Industrialization will help showcase Anambra's local products and industries to the international trade market which will attract opportunities for foreign direct investment.</i><i>It will also reduce Anambra's dependency on imports and encourage wider distribution of wealth</i>

Case Study 1 – Mauritius and its Export Processing Zone Programme

Mauritius' Industrialization Story



Problem Statement

- In the mid-1960s, Mauritius' main exports consisted solely of agricultural products such as sugar, and these products accounted for 70% of total exports. This high level of export concentration on primary commodity products exposed the nation to vulnerabilities such as economic shocks, fluctuations in prices and export earnings etc.
- The need for economic diversification, globalization, increased demand for cheap labour and environmental standards necessitated the pathway for the Export Processing Zone programme in Mauritius.



Approach

- In 1971, Mauritius started its Export Processing Zone programme to diversify its product segments for export. It leveraged the EPZ programme to create dispersed EPZ zones across its island, for the manufacturing and exportation of finished goods, as well as introduction of high-value skilled processes in its EPZ operations.
- Mauritius designed and utilized favourable incentive package to attract foreign investors. Some of the incentives included lower labour costs, favourable employment laws, income tax reliefs, exemptions on EPZs-related imports/exports, ready made industrial infrastructure with subsidized rent rates/electricity tariffs, and duty-free access to the European Union countries based on the Lome Convention decree.



Results/Impact

- As a major promoter of Free Zones in the region, Mauritius benefited from a government directive in Hong Kong, causing a relocation of factories from South East Asia to Mauritius. This resulted to the creation of at least **30,000** jobs in the Mauritian FTZ/EPZ zones (**within 6 months**) and eventually rose to **91,374 in 1999**.
- Although the initial motive was to attract foreign investment, **60%** of all EPZ investments in Mauritius eventually became locally owned, with **66%** products majorly exported for European consumption offered by the Lome Convention.
- EPZ exports grew from **31% to 65% in 1998** and contributed **50%** to the **manufacturing sector's total contribution to the nation's GDP**.

Case Study 2 – China's Shantou Free Trade Zone

China's Pathway to Industrialization



Problem Statement

- Prior to 1979, China's foreign trade system was centralized, as transactions were conducted by the Ministry of Foreign Trade (MOFT) and the Foreign Trade Corporation (FTCs). MOFT was tasked with the responsibility of planning for foreign trade; introducing potential clients to local producers; verifying that all foreign trade transactions in line with regulations and customs.
- These centralized processes slowed down China's ability to grow its economy through foreign trade activities and limited China's engagement with other parts of the globe, hence China decided to adopt the use of Special Economic Zones such as Free Trade Zones to open its doors to the world.



Approach

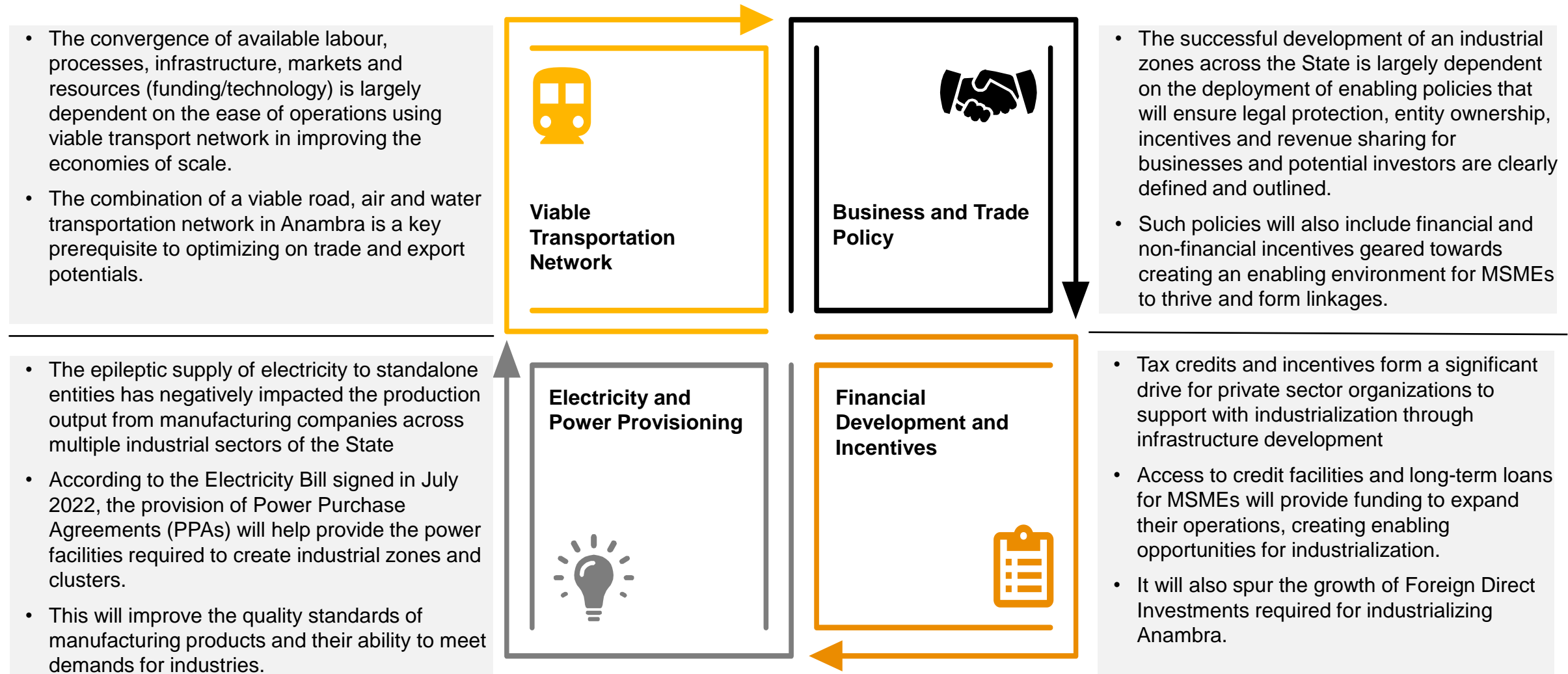
- In 1993, China chose Shantou as one of its 50 cities to designate its Special Economic Zone due to semitropical maritime climate, ease of making long-distance calls directly to 200 countries, proximity to cargo port with access to 160 ports in over 40 countries, proximity to cities Hong Kong, Kaoshiung in Taiwan as well as Guangzhou and Shenzhen in China (which are connected to about 40 domestic and international airports).
- The Shantou Free Trade Zone is managed by an organization called the administrative Committee of Shantou FTZ, who ensure that all investment procedures, inquiries and approvals are managed in line with Government's regulations. They provide investment opportunities for processing industry for products sold in foreign and local markets, bonded warehousing/transport, international trade and real estate (both land and structural investments).



Results/Impact

- In H1 2018, Shantou FTZ had a GDP of **USD 209.23 million**. **10** high-tech enterprises were introduced to the FTZ, accounting for **58.8%** of the enterprises above designated size.
- The FTZ also achieved total domestic trade sales of **USD 159.5 mn**, an increase of **83.8%**. The total import and export volume was **USD 97.3 mn**, an increase of 33.6%. It has a total investment of **USD 55.8 mn** in fixed assets, a substantial increase of **108.4%** year-on-year, and tax revenue exceeding **USD 177.3 mn**, accounting for **97.3%** of budget revenue.

Critical success factors that will enable industrialization in Anambra include viable infrastructure, trade policy amongst others



Industrialization Pathways

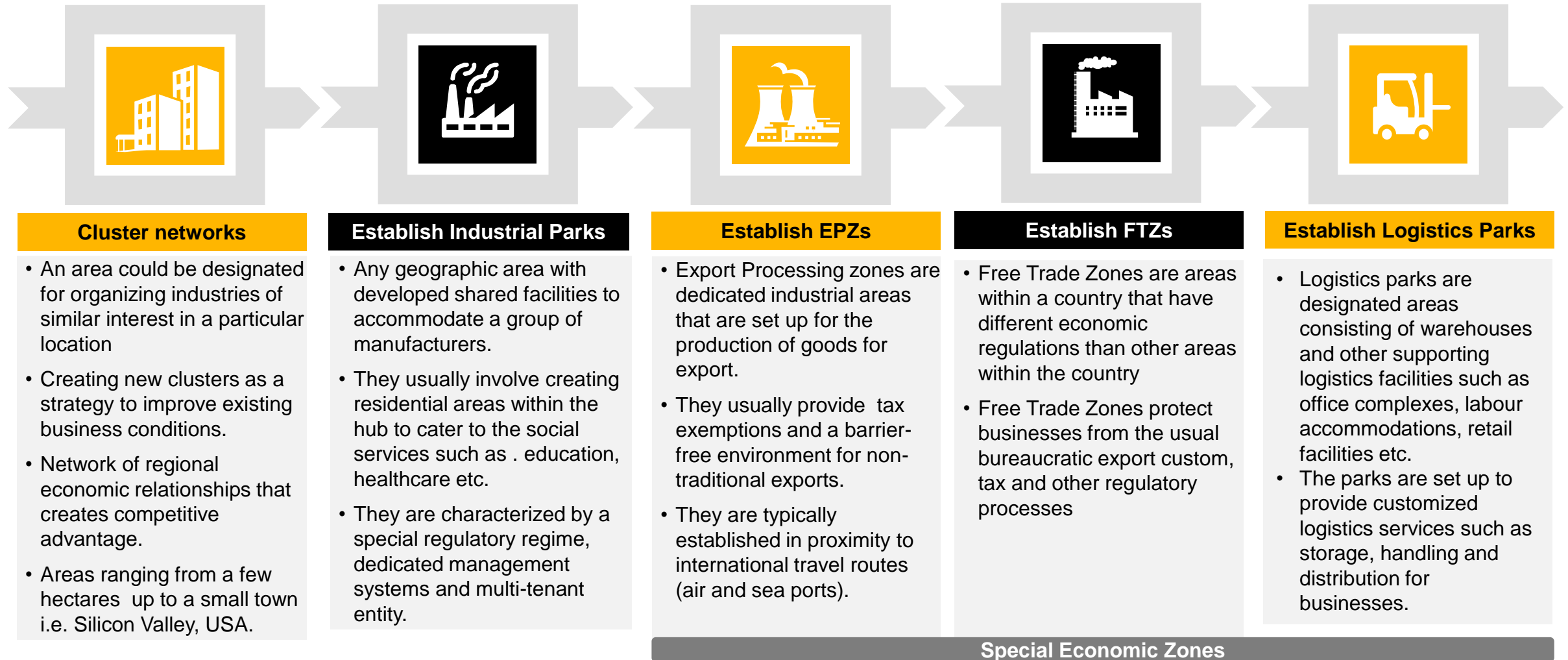
Internal

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To achieve industrialization, Anambra needs to consider non-policy instruments such as cluster networks, special economic zones etc.





Non-policy Instruments for industrializing Anambra



Characteristics of Cluster Networks, Industrial Parks, Export Processing Zones and Free Trade Zone

Subject	Cluster Networks	Industrial Parks	EPZ	FTZ
Products or materials imported from abroad are not considered imports in the host country (bonded goods) for purposes of the Value Added Tax (VAT) and customs duties	No	No	Yes	Yes
Equipment and components production can be imported into a zone free of duties and VAT	No	No	Yes	Yes
The requirements for the deposit of taxes, relating to imported goods until the end of the processing	Yes	Yes	No	No
Export Processing Activities	Permitted	Permitted only when Free Zone license is obtained	Permitted	Permitted
Provision of Transport services	Permitted	Permitted	Permitted only for goods imported or exported from the EPZ	Permitted
Local Sale of goods	Permitted	Permitted	Permitted	Permitted
Transit Trade	Banned	Banned	Banned	Permitted
Exhibition Activity	Permitted	Permitted	Banned	Permitted
Activities not related to export processing	Permitted	Permitted	Banned	Permitted
Activities for resettlement Staff	Not Permitted	Permitted	Only for Duty Personnel	Permitted
Sales of goods produced in host country	VAT payable	VAT payable	Customs duties and VAT payable	Customs duties and VAT payable
VAT is not charged for transactions committed on the territory zone	No	No	Yes	Yes





There are a number of advantages and disadvantages to implementing different types of SEZs across the State

Types of SEZs	Pros	Cons
 Industrial Park	<ul style="list-style-type: none">• Better opportunities for multi-tenancy.• Serviced infrastructure and utilities (waste and wastewater treatment, storage units, one-stop shops, security services etc.).• Provides a larger tax base for government.	<ul style="list-style-type: none">• Cost of entry is usually high for local businesses
 Export Processing Zones	<ul style="list-style-type: none">• Duty-free import of raw materials and intermediate goods for export production.• Minimized tax burdens for finished goods and businesses in the zone.• Less demanding requirements for customs documentation for imported raw materials and exported final products.	<ul style="list-style-type: none">• Limits tax revenue for government• High infrastructure costs as EPZs are usually located near air ports or sea ports for ease of exports.• Adherence to all customs restrictions on export processes, goods produced and businesses allowed.
 Free Trade Zones	<ul style="list-style-type: none">• Lowers or eliminates customs duties on goods produced in the zone.• Aids the free movement of goods across borders.• Enables access to higher-quality goods at lower prices.• It can easily attract Foreign Direct Investment (FDI)	<ul style="list-style-type: none">• Fewer intellectual property protections i.e. patents, branding, imaging and other inventions can be duplicated in the zone.• Limited revenue generation opportunities for MSMEs due to high competition levels.
 Logistics Parks	<ul style="list-style-type: none">• Additional revenue stream as the government is entitled to collect usage charges for rental of warehouses and other logistic handling infrastructure.• Cost saving opportunities to bring down logistics related cost and time for businesses.	<ul style="list-style-type: none">• Restrictive to only logistics related services.

The background is a dark, industrial scene, possibly a steel mill or construction site, with complex metal structures and scaffolding. A bright light source in the upper right creates a hazy, atmospheric effect. A white rectangular box is centered horizontally, containing the text. Two vertical yellow bars are positioned on either side of the white box.

1. Cluster Networks

Creating Cluster networks will help Anambra focus on strengthening the performance of industrial clusters while creating new ones

 Industrialization Pathways	 Strengths	 Weaknesses	 Steps to achieving industrialization
<ul style="list-style-type: none"> Cluster Networks 	<ul style="list-style-type: none"> Encourages communities to focus efforts on existing industries. Focuses on the growth of local industries and MSMEs. Boost visibility and brand perception of local industries and MSMEs. Boost local industries and MSMEs productivity through synergies, specialized inputs etc. Creates opportunities for innovation through knowledge sharing, Research & Development etc. Reduced regulatory obligations (no application, processing or renewal fees to regulatory bodies such as NEPZA). 	<ul style="list-style-type: none"> Increased competition amongst businesses. May lead to increase in cost of commercial spaces especially for MSMEs. Requires strengthen governance mechanism to foster linkages between cluster stakeholders. Requires customized support services per cluster. 	<ul style="list-style-type: none"> Cluster selection - Map out and identify existing/potential clusters for industries across the State. Conduct an analysis on identified industries to define their needs, opportunities, threats and solutions to ensure the growth of industries. Location Analysis – Map out and designate suitable locations to build or support existing/potential clusters for industries Develop a plan to relocate (where relevant) existing clusters or design new clusters based on the results from cluster selection and suitable locations identified for selected industrial clusters. Implementation – Design the cluster governance structure and cluster projects that will guide the operations and management of identified clusters. Develop the required infrastructure and services (financial, capacity building etc.) as identified in the need analysis in cluster selection and action plan, to support the designated clusters. Develop and deploy necessary incentives (like subsidized fees and shared facilities) for businesses within clusters. Engage businesses to set up establishments in clusters, as well as relocate existing businesses to new clusters. Monitoring and Evaluation (M&E) – Design a M&E process/framework to track and assess how identified clusters are performing in line with the set objectives of cluster projects/programmes. Restructure cluster programmes/projects based on results from M&E





The use of shared facilities, provision of affordable credit facilities and capacity building programmes can sustain growth in existing clusters

Existing Cluster networks in Anambra		Strategies to sustain or Optimize Existing Cluster networks
1	Nnewi Automotive & Spare Parts Cluster	<ul style="list-style-type: none"> • Develop shared facilities scheme for businesses within the clusters <i>This will include developing one stop shop that houses all the necessary regulatory and administrative services (such as CAC desk office, financial institutions, MSME clinics etc.) required to operationalize the clusters so that businesses do not need to leave their clusters to have access to the services they require to boost their productivity.</i> <i>It will also involve developing the infrastructural systems (power, waste treatment, technology etc.) that businesses require for operational efficiency so that they can focus on their business objectives.</i> • Provide affordable credit facilities to expand operations <i>Adopting a cluster based approach to lending will provide businesses with easier access to affordable credit facilities and give financial institutions a better way of targeting MSME groups, availability of appropriate information for risk assessment and ease credit monitoring by the lending institutions</i> • Introduce capacity building and skills development programmes <i>This will involve equipping businesses within the cluster with relevant business management skills, interactive tools, and trainings to ensure competitiveness and support the growth of new ventures.</i> <i>It will also help businesses in learning, acquiring skills and developing their talent required to access capital or expand their operations.</i> • Introduce enabling policies and laws to foster cluster development <i>This will involve either creating enabling policies that encourage businesses to be more productive or removing existing laws that are currently hindering businesses from assessing raw materials, finance or sourcing for labour etc.</i>
2	Nkwerre Shoe Manufacturing Cluster	
3	Ogbunike Leather Processing and shoe manufacturing cluster	
4	Technology Incubation centre, Nnewi	
5	Aluminum recycling cluster Nnewi	
6	Harbour industrial cluster	
7	Ekenedilichukwu Nylon industrial cluster, Awada	
8	Timber processing cluster, Umuokpu Awka	

The background is a dark, atmospheric photograph of an industrial facility, possibly a steel mill or refinery. It features complex metal structures, walkways, and large pipes. In the upper right, a bright light source creates a hazy, steam-like effect. A white rectangular box is centered horizontally, containing the section header. Two vertical yellow bars are positioned on either side of this box.

2. Industrial Parks




Industrial Parks focuses on converging industries to ease their access to infrastructure and facilities to boost their productivity

 Industrialization Pathways	 Strengths	 Weaknesses	 Steps to achieving industrialization
<ul style="list-style-type: none"> Industrial Parks 	<ul style="list-style-type: none"> Encourages multi-tenancy (accommodates several companies in a single location) Presence of existing infrastructure and utilities for businesses. Provides a single management system that guides operations within the location. Reduced regulatory restrictions on operations, goods produced and businesses allowed. Limited interference from federal government or NEPZA as activities are managed by the State Government. 	<ul style="list-style-type: none"> Increased pollution and waste generation from industrial activities. High cost of maintenance which may impact operational cost for businesses 	<ul style="list-style-type: none"> Initiation and conceptualization – This will involve assessing current industrial environment to identify existing industrial clusters that can be converted into parks or new industrial parks (IP) that can be developed in line with the State’s industrialization objectives. Developing a feasibility study and business plan to build a strong business case for the needs, benefits and requirements for the parks in Anambra. It will also include a location selection and site analysis to evaluate suitable locations to establish the identified parks and thematic layout of the features of the parks. Defining the parks’ governance structure, target industries, funding concepts, phased master plan, key partnerships/stakeholders, project costs and benefits analysis, high level work plan, financial modeling and structuring, Environmental and Social Impact Assessment report etc. to determine whether the State should ahead with developing the park. Resource mobilization and financing - Engaging or onboarding potential financing partners and stakeholders to attract, access and mobilize the required capital and investment systems to drive implementation. Park Construction – Engaging and deploying the relevant contractors for construction of infrastructure (earthworks, vertical and horizontal infrastructures, road networks, power, telecommunication systems, etc.) required to operationalize the park Park Operationalization – Implementing the defined structure, utilities and operational processes (employment permits, regulations, approvals, banking services, business registration and licensing etc.) required to manage and run the IP. Engaging businesses to set up establishments in IP as well as monitoring and assessing how IPs are performing in line with Anambra’s set objectives

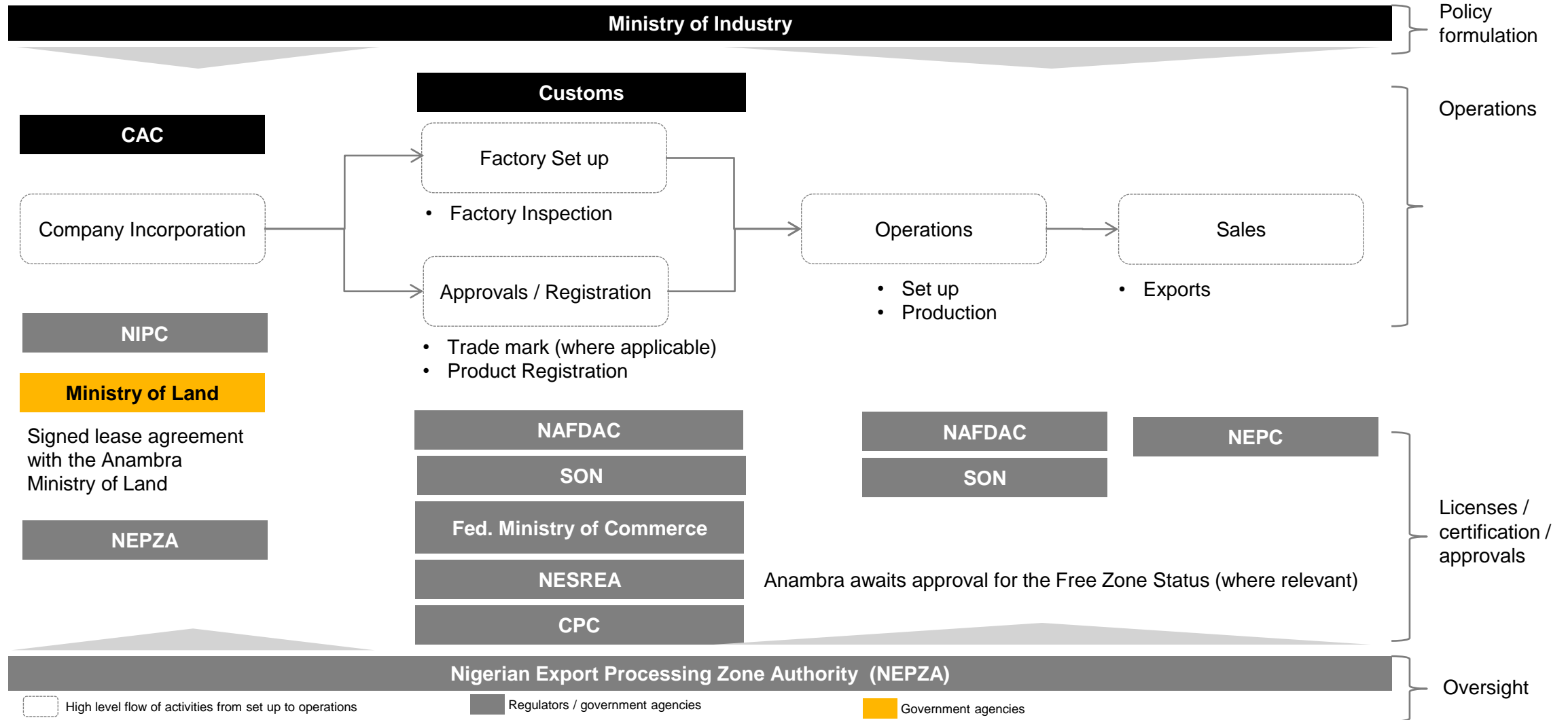
The background is a dark, industrial scene, possibly a steel mill or a large construction site. It features complex metal structures, scaffolding, and bright yellow structural beams. In the foreground, there are large, dark, curved metal components, likely parts of a crane or a large machine. The overall atmosphere is gritty and industrial. A white rectangular box is centered horizontally, containing the text. Two vertical yellow bars are positioned on either side of the white box.

3. Export Processing Zones/ Free Trade Zones

EPZs and FTZs will allow Anambra focus on converging industries that can grow its export potential

 Industrialization Pathways	 Strengths	 Weaknesses	 Steps to achieving industrialization
<ul style="list-style-type: none"> Free Trade Zones/Export Processing Zones 	<ul style="list-style-type: none"> Focuses on attracting foreign direct investment. Eliminates monopoly as more players can join the market. Provides liberal trade laws – exemption from some/all export taxes, duties on imports of raw materials, VAT etc. Lowers transaction costs for businesses Improves the potential for technology transfer 	<ul style="list-style-type: none"> High regulatory cost (application, processing and renewal fees) High regulatory restrictions on operations, goods produced and businesses allowed to operate within the zone. May threaten intellectual property and lead to introduction of counterfeit products if there are no protection for exporting companies Less tax revenue for the government Requires proximity to port (airport, sea port etc.) 	<ul style="list-style-type: none"> Pre-project planning – This will involve developing a feasibility study and business plan to define the best fit Special Economic Zone that aligns with Anambra's industrialization objectives, SEZ governance structure, target industries, funding concepts and key partnerships/stakeholders to be engaged, high level work plan, financial model, EIA report etc. Conducting a site selection analysis to map out and secure the suitable locations for establishing the identified Special Economic Zones. Designing a site development and district layout plan for the construction and development of SEZs within the State. Engage or onboard potential partners and stakeholders to support with application and implementation processes. License Application – Engaging the relevant regulatory bodies to apply for the license required to operate a Special Economic Zone in Nigeria. Implementation and Operationalization – Defining the work plan required to construct the SEZ in Anambra Recruit or appoint the zone management company to manage zone activities Implementing the defined structure, infrastructure, utilities and operational processes required to manage and run the SEZ based on the business and work plan. Implementing the necessary incentives (tax holidays, import duties etc.) for the SEZ Operationalizing the SEZ and engaging businesses to set up establishments in SEZs Monitoring and Evaluation – Tracking and assessing how SEZs are performing in line with Anambra's set objectives

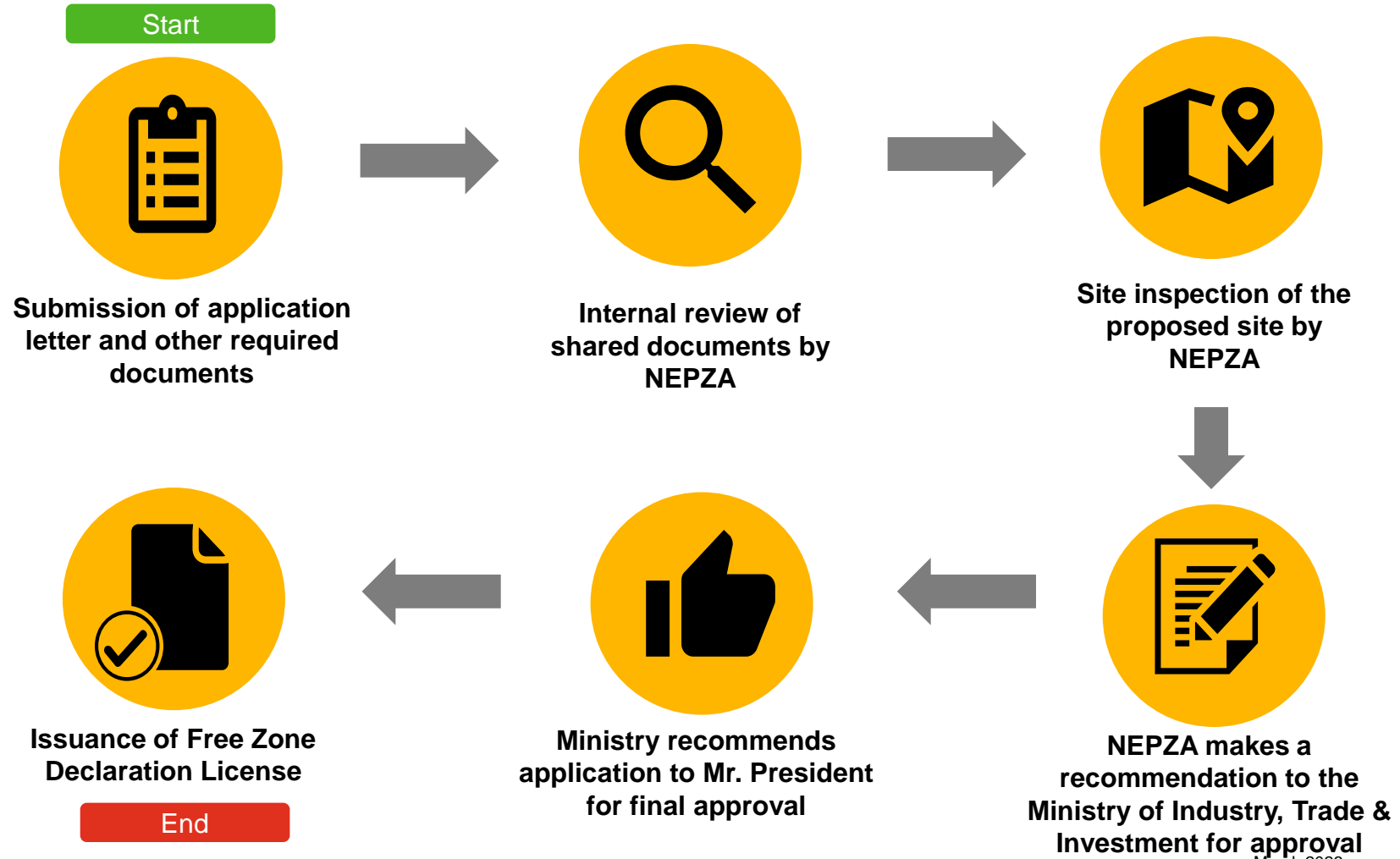
Key stakeholders (existing government agencies and regulators) critical to offering and sustaining value in the zones



NEPZA and OGFZA are the main regulators for all industrial zone activities in Nigeria

Application Process for Special Economic Zones in Nigeria

- Only NEPZA or OGFZA can establish an Export Processing Zone/Free Trade Zone in Nigeria.
- The application process required for establishing any type of Special Economic Zone (including free trade zone, industrial parks within EPZ, logistics park, oil and gas zone or technology park etc.) in Nigeria is a six-step process that requires approvals from NEPZA or OGFZA and the Federal Government.
- The State, Public or private entity is required to submit an application letter with other relevant documentation to NEPZA or OGFZA. The documents required for the application process include:
 - ✓ Payment Acquisition and issuance of Certificate of Occupancy for the proposed site
 - ✓ Survey plan and Master Plan of proposed site
 - ✓ Environmental Impact Assessment report
 - ✓ Detailed feasibility study
 - ✓ Payment evidence of \$1000 application fee



There are three major licenses with a minimum licensing fee of \$400,000 that are granted by NEPZA and OGFZA in Nigeria

License Types

- **Free Zone Developers License** - Granted by NEPZA/OGFZA to either a public, private entity or a combination of the two for establishing and managing any industrial zone
- **Free Zone Enterprise License** - Granted by NEPZA/OGFZA to a company to undertake business activities within an Industrial Zone but it is approved and processed through the Industrial Zone's management.
- **Export Processing Factory/Export Processing Farm License** - Granted to an export oriented manufacturing company or farm located outside an Industrial zone, with the capacity to export over 75% of its production.

Licensing Fees for all economic Zones

- 1 Licensing fee of USD **\$400,000** for Free Zone Status declaration Fee
- 2 Licensing fee of USD **\$500,000** for Export Processing Zone status declaration Fee
- 3 Operating License (OPL) Fee of **\$100,000** to be paid along with declaration fee initially, and then as annual renewal fee

Other Tariffs for running economic Zones

Tariff Type	Activity	Timeline	Amount (\$)
Operating License (OPL) Tariffs	Enterprise Registration and CTC of documents	2 days	3,000
	Registry Search	3 days	100
	Change of Ownership	3 days	500
	Change of Name of Enterprise	3 days	100
Registration of Instrument Tariff	Debenture (on every \$1m)	5 days	5,000
	Registration of lease agreements	3 days	500
	Consent	3 days	100
	Negative Pledge	3 days	2000

According to NEPZA, only the following facilities and products are permissible in EPZs and FTZs across Nigeria with highlighted incentives

Key Facilities required in the economic Zone

- Trained Customs/Immigration Personnel
- Security
- Factory buildings and serviced plots
- Telecommunication facilities
- Utilities (Power and water supply)
- Good road network
- Warehouse facilities
- One-stop administrative center
- Social amenities – schools, hospitals, banking etc.
- Training center
- Residential facilities – hotels, housing, shopping malls etc.



Permissible products/production activities allowed in an economic Zone

- Electrical and Electronic Products
- Textile Products & Garments
- Wood Products
- Leather Products
- Petroleum, Rubber and Plastic Products
- Cosmetic and other Chemical Products
- Metal Products and Machinery
- Educational Materials
- Printing Materials, Communication and Office Equipment
- Medical kits, optical instruments and appliances
- Food processing businesses
- Pharmaceutical Products
- Ship Building and Repairs or Oil and Gas logistics
- Sports Equipment



Key Incentives for Businesses

- Exemptions from legislative provisions pertaining to taxes, levies, duties and foreign exchange regulations
- Repatriation of foreign capital investment in the zones at any time with capital appreciation of the investment
- Remittance of profits and dividends earned by foreign investors in the zones;
- No import or export licenses shall be required.
- Rent free land at construction stage, thereafter the rent is determined by the Free Trade Zone management
- Up to 100% foreign ownership of business in the zones
- No restriction on number of foreign personnel that may be employed by companies operating in the zones;

A comparison of select industrial zones/parks and their value offerings (1/2)

Existing Parks / Industrial Clusters	Vietnam Singapore Industrial Park (VSIP) – Binh Duong (Park 1)	Coega Industrial Development Zone, South Africa	El Robbiki Industrial Park (IP)	Abuja FTZ	Lekki FTZ	Ogun-Guangdong Free Trade Zone
Ownership model	Public – Private Partnership (PPP)	Government owned	Government Owned	Private	Government owned	Joint Venture partnership
Park specialisation	Mixed industrial, and residential park	Export processing zone/Free trade zone	Leather Industrial park	Industrial/ Manufacturing	Investment Opportunities (Oil and Gas, Manufacturing, Real Estate, Tourism, Healthcare)	Manufacturing and Processing (Furniture, Ceramic,
Capital investment	US\$ 3.1 billion	US\$1 billion	US\$127 million	US\$140 million	US\$320 million	US\$2 billion
Area (ha)	500	9,000	332	245	3,000	2,000
Tenant numbers / mix	234 / Medium & Large Sized	42/ Medium & Large Sized	N/A	177 / Large, Small & Medium Sized	132 / Large & Medium Sized	100 / Large and Medium Sized
No. of jobs created	93,878	>30,000	>15,000	40,000	>300,000	>6,000
Capabilities <ul style="list-style-type: none"> • Technical (Construction and Operation expertise) • Availability of construction materials • Private Sector Driven & Government Support • Economic zone incentives 	✓	✗	✗	✓	✓	✓
	✗	✗	✗	✓	✓	✗
	✗	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓
Investment options	Lease	Lease	Purchase	Purchase, Rent	Purchase, Rent	Lease

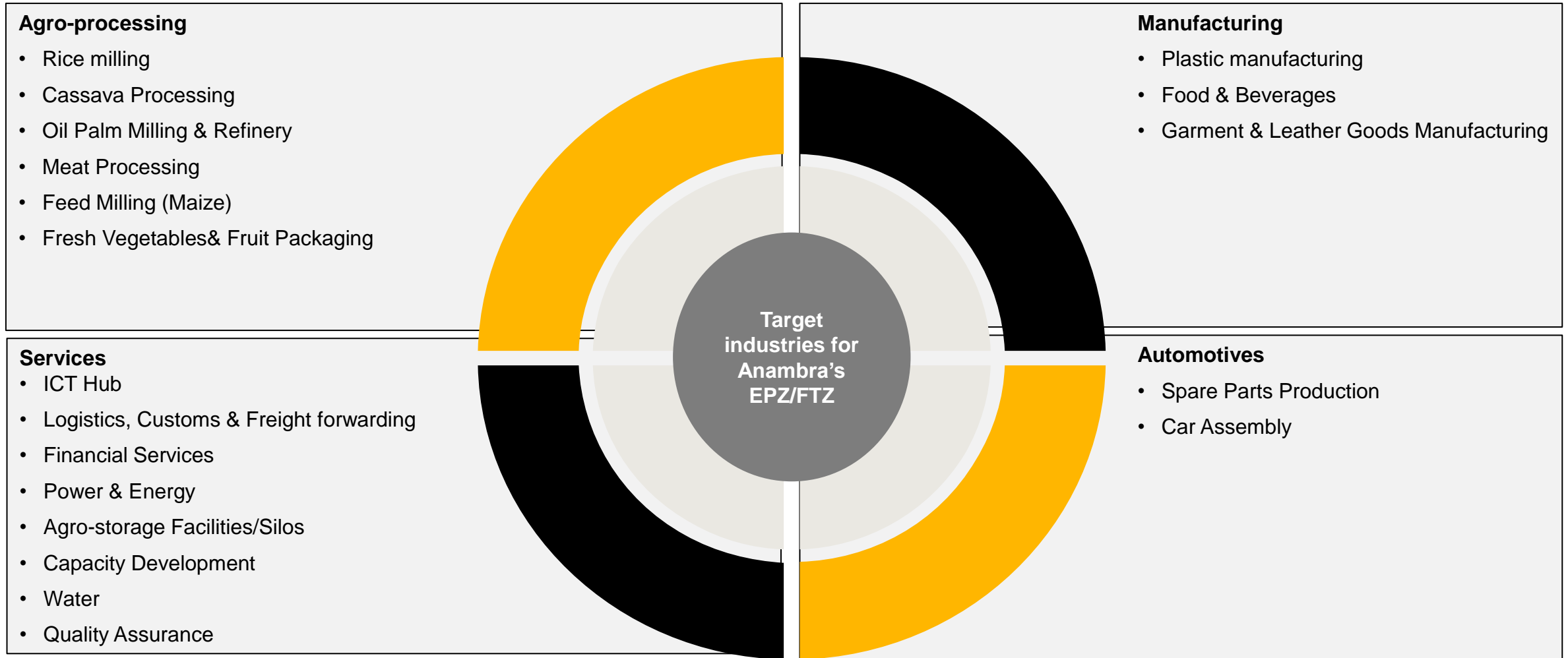
A comparison of select industrial parks/zones and their value offerings (2/2)

Existing Parks / Industrial Clusters		Vietnam Singapore Industrial Park (VSIP)	Coega Industrial Development Zone, South Africa	El Robbiki Industrial Park (IP)	Abuja FTZ	Lekki FTZ	Ogun-Guangdong Free Trade Zone
Key Offerings	• Infrastructure (Technical)	✓	✓	✓	✓	✓	✓
	• Infrastructure (Social)	✓	✓	✓	✓	✓	✓
	• Government support (on site)	✗	✓	✓	✓	✓	✓
	• On-site customs area /support	✓	✓	✗	✓	✓	✓
	• Relocation assistance	✓	✓	✗	✗	✗	✗
	• Staff recruitment & training	✓	✓	✗	✓	✗	✗
	• Warehousing/ logistics support	✓	✓	✗	✓	✓	✓
	• Location access to networks	✓	✓	✓	✓	✓	✓
	• Clusters/ interlinked companies	✗	✗	✗	✓	✓	✓

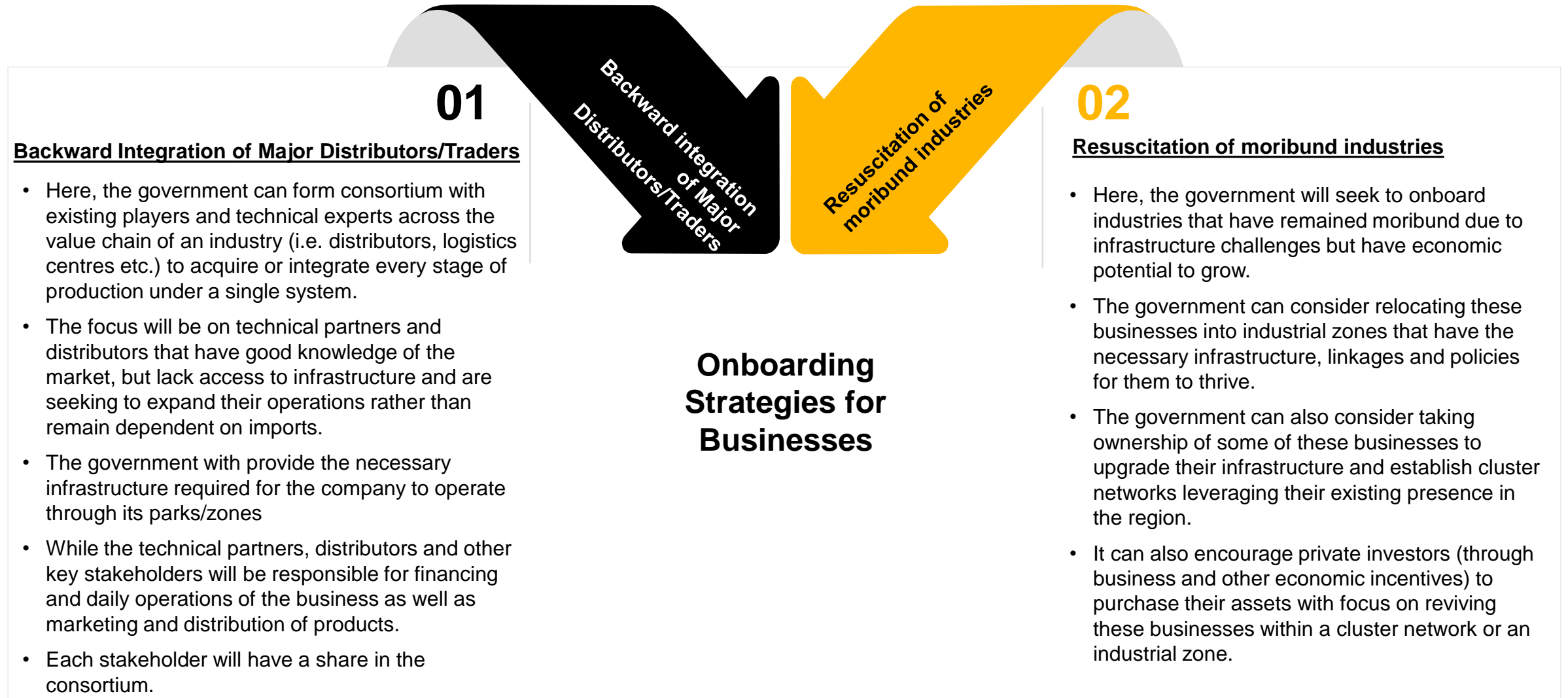
An assessment of required capabilities against these terms of acquisition reflect the range of possible services it can offer

Terms of Acquisition	Key Capabilities / Resource Requirements
Location	
<ul style="list-style-type: none"> Proximity to target market and available raw materials 	<ul style="list-style-type: none"> Marketing and promotion Networks / linkages
<ul style="list-style-type: none"> Linkages to good transport network 	<ul style="list-style-type: none"> Linkages to road network and close proximity to the airport in Anambra
Infrastructure	
<ul style="list-style-type: none"> Premium physical infrastructure 	Construction
<ul style="list-style-type: none"> Tailored factories (built to customer specification) 	Construction
<ul style="list-style-type: none"> Power supply 	Engineering - electrical
<ul style="list-style-type: none"> Water supply 	Engineering - civil
<ul style="list-style-type: none"> Waste recycling and wastewater treatment 	Water treatment & recycling expertise
<ul style="list-style-type: none"> Telecommunications and IT infrastructure 	Engineering - Telecommunications & IT
<ul style="list-style-type: none"> Social Infrastructure (Within park/immediate environment) 	Construction
Support Services	
<ul style="list-style-type: none"> Government support on business set up, regulatory and operational matters 	Partnerships – Government agencies
<ul style="list-style-type: none"> On-site customs area and support 	Partnerships – Customs
<ul style="list-style-type: none"> Relocation assistance 	Logistics/clearance
<ul style="list-style-type: none"> Availability of skilled staff including recruitment and vocational training of staff 	Partnerships - Training institutions
<ul style="list-style-type: none"> Business advisory and financial services 	Consulting /entrepreneurial
Financial	
<ul style="list-style-type: none"> Incentives and privileges 	Partnerships – Government agencies

Anambra can consider starting off with industries highlighted below in its industrial zone



In the initial phase, the State can consider onboarding businesses through backward integration and reviving moribund industries



Proposed Location Assessment

Internal

5

March 2023
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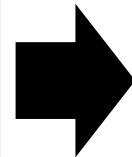


Transport connectivity, proximity to raw materials & markets are some of the key factors to consider in selecting industrial locations

Criteria to select a suitable area for setting up industrialization hubs/zones

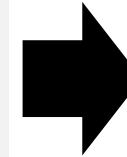
Transport connectivity and accessibility

- Easy access to and from ideal industrial locations with good proximity to the major transport routes, is a key criteria for selecting a choice industrial area, as easy movement of goods and services is very key to ensuring industrial products get to final consumers.
- Anambra is a door way to the South-eastern states of Nigeria and is home to most of the renowned transport businesses in West Africa.
- Proximity to areas such as Anambra International cargo airport and proposed Onitsha port will also ease movement of goods.
- It also has a viable transport hub located in Onitsha, an industrial area anywhere 15 to 20 minutes around the Onitsha city could certainly be ideal.
- The new Niger bridge will also ensure that access into and out of Anambra becomes seamless and free from congestion free.



Proximity to raw materials

- Since, Anambra contributes a significant portion of industrial and agricultural raw materials such as oil palm, cassava cashew kaolin etc.
- It is important to consider locations that are within the proximity of farm plantations, mineral deposits and a large variety market for raw material sourcing.
- This will help reduce the cost of logistics/operations for manufacturers and businesses within the industrial areas.
- Most of Agricultural raw materials are dominantly in Anambra North and South senatorial zones



Access to basic infrastructure

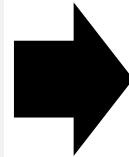
- Access or ability to provide basic infrastructure requirements for an industrial area is another key criteria for selecting a suitable location.
- One of the major infrastructures for establishing an industrial zone is power.
- According to data from the Anambra branch of the Manufacturers Association of Nigeria power accounts for 40% of the cost of production within the circles of manufacturers in Anambra and 65% of their power needs come from self-provided diesel generators.
- Anambra will need to designate an areas where essential infrastructures like power, fiber duct, water, industrial gas etc., can be easily provided and effectively shared by these local manufacturers within the industrial area to lower their operating cost.

Availability of land and security are some of the key factors to consider in selecting industrial locations

Criteria to select a suitable area for setting up industrialization hubs/zones

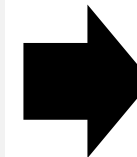
Availability of land (Potential for Expansion)

- Although Anambra has scarce land resources, there are existing forest reserves and industrial layout locations that have been designed for future use like the Ozubulu industrial layout, etc.
- The land size for industrial areas need average land size of 100 ha to accommodate a number of industries , businesses, logistics, warehouses and other facilities.
- A large land size will also enable opportunities for expansion in the future.



Proximity to markets

- It is important to consider proximity to market for business convenience and attraction of industrialist and potential customers.
- Onitsha is currently home to 4 major markets in the State and the largest market in West Africa (Main Market).
- An industrial hub that is situates close to Onitsha therefore, would avail itself to the existing multi-billion naira market that Onitsha provides.
- This will ensure that goods and products from the industrial area will meet final consumers at a faster rate.



Security

- Security is very essential to the peace and viability of any business environment,
- It is important that industrial areas are established in locations where there will be minimal disruptions to business operations.

Proposed Location Assessment across the criteria

	Transport connectivity & accessibility	Proximity to raw materials	Access to basic Infrastructure	Availability of land (Potential for Expansion)	Proximity to Markets	Security
Ukpo (56 Ha)	High	High	Medium	Low	Medium	High
Igbariam (200 Ha)	Medium	High	Medium	High	High	Medium
Akwaiheddi (70 Ha)	Medium	Medium	Medium	Medium	High	Medium

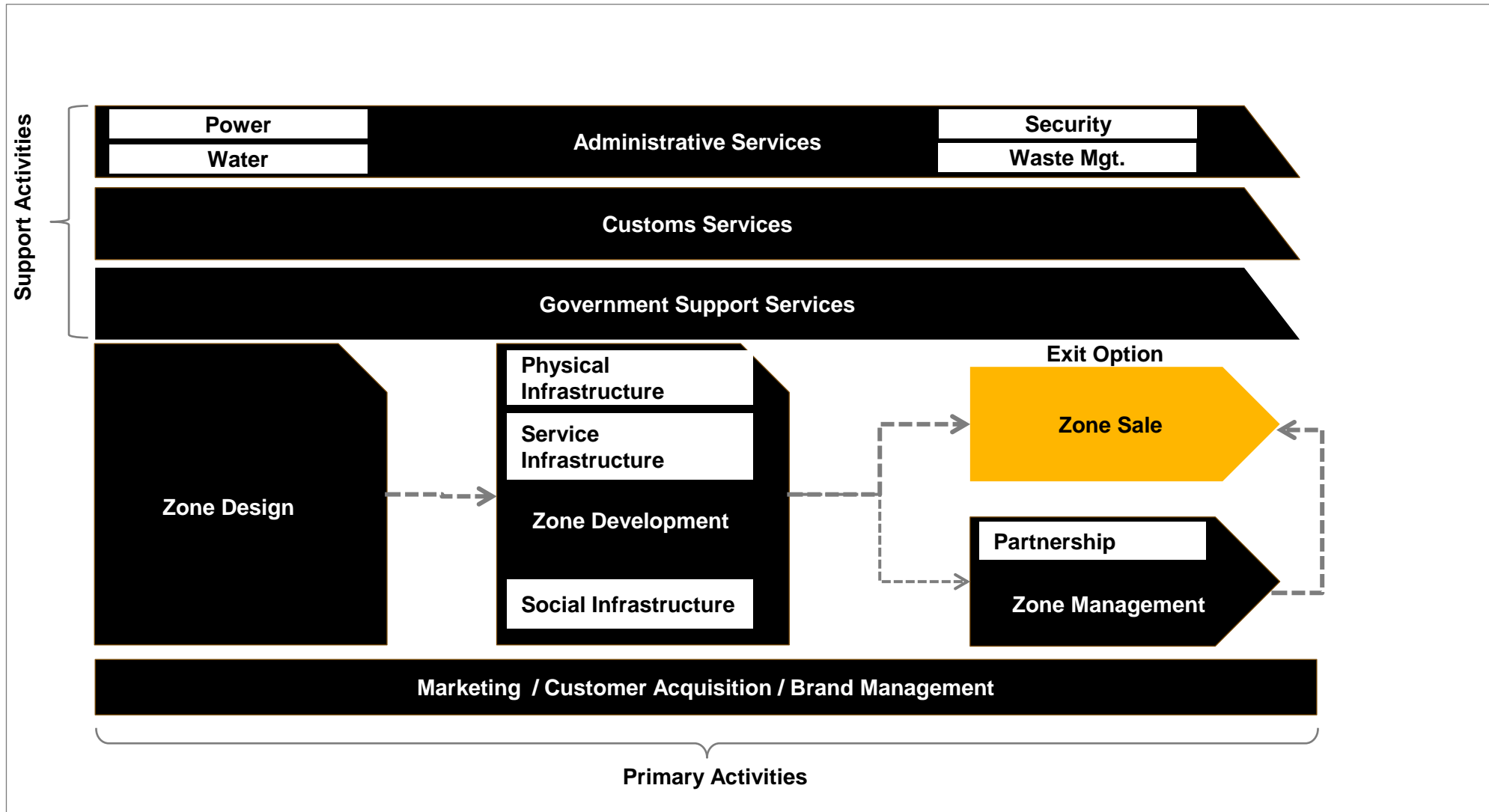
Abridged Operating Model

6

Proposed business model canvas for the industrial zones





Key Partnerships <ul style="list-style-type: none">Financial (investors)Regulators (government agencies)Technical partnersAcademic institutionsProfessional services firmsIndustry associations	Key Activities <ul style="list-style-type: none">PlanningDesignConstructionEngagement with Buyers and InvestorsMarketingPark Management		Value Proposition <ul style="list-style-type: none">Premium infrastructure including uninterrupted power supply, telecommunication services, water and waste management services, warehousing, industrial and residential facilities etc.Service excellence and convenienceLocation advantage (easy access to road network, proximity to cargo airport, access to large trade market , and proximity to raw materials)Financial incentives such a tax incentives and exemptions provided by the governmentSimplified services for relevant permits and company start-up	Customer Relationship <ul style="list-style-type: none">PartnershipDirect relationship/ personalised service
	Human Resources <ul style="list-style-type: none">Staff AmbassadorsPartners	Other Resources <ul style="list-style-type: none">Construction expertiseRaw material (construction)		Channels <ul style="list-style-type: none">OnlinePhysical/word of mouthIndustry eventsWalk-in
Cost Structure <ul style="list-style-type: none">RemunerationInfrastructure development and maintenance (including cost for tools and construction)Promotion and marketing			Revenue Streams <ul style="list-style-type: none">Land leaseLand saleService fees	

Key activities that will be performed within the zones



- Anambra's current core capability will support activities around zone mapping, design and development.
- Zone management, marketing capabilities and support activities can be acquired / outsourced to deliver the required value.

Funding options for the industrial park and of Industrial Zones across the State

	Funding Windows	Funding Description
 Industrial Park	<ul style="list-style-type: none"> • Private-Public Partnership funding • State Government funding • Internal funding • Venture Capitalists 	<ul style="list-style-type: none"> • State's allocation to the infrastructural and commercial operations of the Industrial hub facility for wealth distribution and social welfare. • Revenue streams from internal operations, levies, and applicable enterprise fees reinvested into the facility.
 Export Processing Zones	<ul style="list-style-type: none"> • Export – Import bank lending • Enterprise investment • Foreign Direct Investment • International Development Banks 	<ul style="list-style-type: none"> • Export – Import banks such as AFRIEXM can facilitate concessionary models for funding activities within the EPZ. • As stipulated by NEPZA, enterprises can engage in approved activities within the zones provided enterprise investment in the approved activity is of the value of at least US\$500,000.
 Free Trade Zones	<ul style="list-style-type: none"> • Commercial Bank lending • Equity investments • Foreign Direct Investment 	<ul style="list-style-type: none"> • Lending for working capital, bills discounting, loans for factory and capital goods importation, and warehousing/stocking facility. • Foreign currency credits generated from operations in the FTZs • Capital investments from a public-private partnership or joint venture.
 Logistics Park	<ul style="list-style-type: none"> • State Government funding • Private Corporations • Internal funding 	<ul style="list-style-type: none"> • Funding from government's entitlement to collect usage charges for rental of warehouses and other logistic handling infrastructure.

Next Steps and Recommendations



The next steps for Anambra is to identify the right mix of instruments and develop basic infrastructure required for industrialization

Identify the right mix of non-policy instruments required for industrializing Anambra

- Conduct a feasibility study to assess the viability and select a mix of the non-policy instruments that Anambra should deploy to achieve industrialization (leveraging target industries, product and market analysis etc.)
- This will also include a business plan that will define the key governance structure, organization structure, business model, processes, infrastructure, technical capabilities, partnerships and stakeholders etc. required to operationalize the selected instruments.
- It will also include financial model that identify funding requirements for developing a cluster or an SEZ.

Countries like China, have successfully implemented a wide range of SEZs to achieve economic transformation. Examples of such SEZs include technology industrial parks, free trade zones as well as export processing zones.

Develop the required infrastructure and framework to foster industrialization

- Map out and acquire the key locations to develop selected industrialization instruments.
- Develop the relevant site plans and EIA report
- Identify basic infrastructure needs that businesses require to thrive in Anambra. (i.e. power, technology, logistics infrastructure, transport systems etc.).
- Design an implementation plan to acquire and develop the relevant infrastructure.
- Develop an industrialization policy that focus on defining specific interventions to address current externalities, incentives to attract businesses and foster industrialization in Anambra.

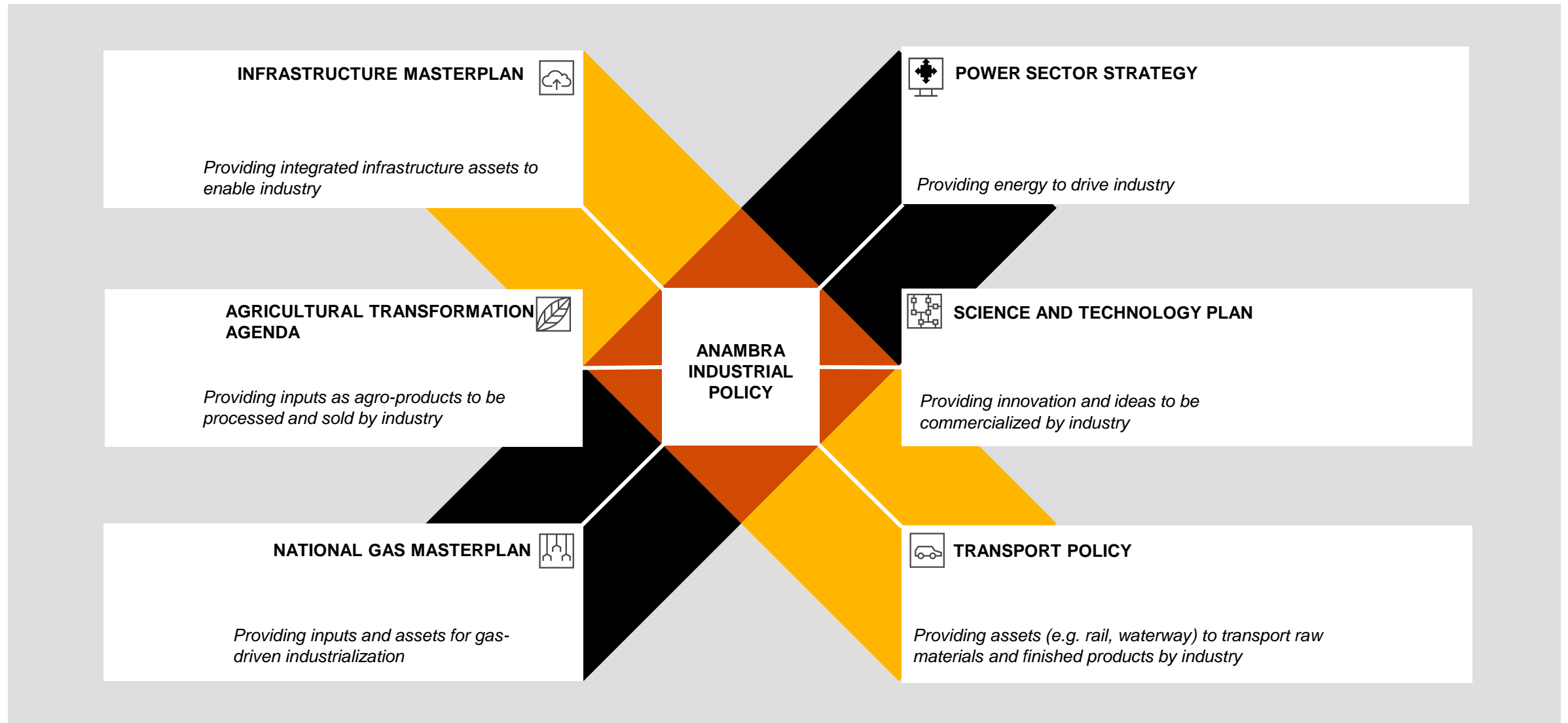
According to World Bank, the key requirements to successfully run any industrial zone or cluster networks include reliable infrastructure, strong institutional framework and policy consistency amongst others.

Engage key stakeholders

- Engage key stakeholders (investors, MSMEs etc.) to partner and support the industrialization process, using the designed framework and process documents required to industrialize Anambra.
- Then, we will engage regulatory agencies to apply and obtain the required SEZ license (where relevant).
- Commence the construction of the SEZ or cluster network.

It is important to establish the right dialogue and cooperation mechanisms between regulatory bodies, MSMEs, government, and potential investors to build the right partnerships and ensure alignment with the State's objectives for industrialization

Anambra should consider developing an Industrial policy that will have linkages with other enabling sector development plans



Thank you

